

**AMENDMENT TO THE SENATE AMENDMENT TO
H.R. 3221**

OFFERED BY M .

In the matter proposed to be inserted by the Senate amendment to H.R. 3221, strike titles VI (relating to tax-related provisions), VIII (relating to REIT investment diversification and empowerment), and X (relating to clean energy tax stimulus) and add at the end the following new title (and conform the table of contents accordingly):

1 **TITLE VII—REVENUE AND**
2 **OTHER PROVISIONS**

3 **SEC. 700. AMENDMENT OF 1986 CODE.**

4 Except as otherwise expressly provided, whenever in
5 this title an amendment or repeal is expressed in terms
6 of an amendment to, or repeal of, a section or other provi-
7 sion, the reference shall be considered to be made to a
8 section or other provision of the Internal Revenue Code
9 of 1986.

1 **Subtitle A—Housing Tax Incentives**

2 **PART 1—MULTI-FAMILY HOUSING**

3 **Subpart A—Low-Income Housing Tax Credit**

4 **SEC. 701. TEMPORARY INCREASE IN VOLUME CAP FOR** 5 **LOW-INCOME HOUSING TAX CREDIT.**

6 Paragraph (3) of section 42(h) is amended by adding
7 at the end the following new subparagraph:

8 “(I) INCREASE IN STATE HOUSING CREDIT
9 CEILING FOR 2008 AND 2009.—In the case of
10 calendar years 2008 and 2009, the dollar
11 amount in effect under subparagraph (C)(ii)(I)
12 for such calendar year (after any increase under
13 subparagraph (H)) shall be increased by
14 \$0.20.”.

15 **SEC. 702. DETERMINATION OF CREDIT RATE.**

16 (a) ELIMINATION OF DISTINCTION BETWEEN NEW
17 AND EXISTING BUILDINGS; MINIMUM CREDIT RATE FOR
18 NON-FEDERALLY SUBSIDIZED BUILDINGS.—

19 (1) IN GENERAL.—Subsection (b) section 42 is
20 amended to read as follows:

21 “(b) APPLICABLE PERCENTAGE.—For purposes of
22 this section—

23 “(1) IN GENERAL.—The term ‘applicable per-
24 centage’ means, with respect to any building, the ap-

1 appropriate percentage prescribed by the Secretary for
2 the earlier of—

3 “(A) the month in which such building is
4 placed in service, or

5 “(B) at the election of the taxpayer—

6 “(i) the month in which the taxpayer
7 and the housing credit agency enter into
8 an agreement with respect to such building
9 (which is binding on such agency, the tax-
10 payer, and all successors in interest) as to
11 the housing credit dollar amount to be allo-
12 cated to such building, or

13 “(ii) in the case of any building to
14 which subsection (h)(4)(B) applies, the
15 month in which the tax-exempt obligations
16 are issued.

17 A month may be elected under clause (ii) only if the
18 election is made not later than the 5th day after the
19 close of such month. Such an election, once made,
20 shall be irrevocable.

21 “(2) METHOD OF PRESCRIBING PERCENT-
22 AGES.—

23 “(A) IN GENERAL.—For purposes of para-
24 graph (1), the percentages prescribed by the
25 Secretary for any month shall be—

1 “(i) in the case of any building which
2 is not federally subsidized for the taxable
3 year, the greater of—

4 “(I) the average percentage de-
5 termined under subclause (II) for
6 months in the preceding calendar
7 year, or

8 “(II) the percentage which will
9 yield over a 10-year period amounts of
10 credit under subsection (a) which have
11 a present value equal to 70 percent of
12 the qualified basis of such building,
13 and

14 “(ii) in the case of any other building,
15 the percentage which will yield over a 10-
16 year period amounts of credit under sub-
17 section (a) which have a present value
18 equal to 30 percent of the qualified basis
19 of such building.

20 “(B) METHOD OF DISCOUNTING.—The
21 present value under subparagraph (A) shall be
22 determined—

23 “(i) as of the last day of the 1st year
24 of the 10-year period referred to in sub-
25 paragraph (A),

1 “(ii) by using a discount rate equal to
2 72 percent of the average of the annual
3 Federal mid-term rate and the annual
4 Federal long-term rate applicable under
5 section 1274(d)(1) to the month applicable
6 under subparagraph (A) and compounded
7 annually, and

8 “(iii) by assuming that the credit al-
9 lowable under this section for any year is
10 received on the last day of such year.

11 “(3) CROSS REFERENCES.—

12 “(A) For treatment of certain rehabilita-
13 tion expenditures as separate buildings, see sub-
14 section (e).

15 “(B) For determination of applicable per-
16 centage for increases in qualified basis after the
17 1st year of the credit period, see subsection
18 (f)(3).

19 “(C) For authority of housing credit agen-
20 cy to limit applicable percentage and qualified
21 basis which may be taken into account under
22 this section with respect to any building, see
23 subsection (h)(7).”.

24 (2) CONFORMING AMENDMENTS.—

1 (A) Subparagraph (B) of section 42(e)(3)
2 is amended by striking “subsection
3 (b)(2)(B)(ii)” and inserting “subsection
4 (b)(2)(A)(ii)”.

5 (B) Subparagraph (A) of section 42(i)(2)
6 is amended by striking “new building” and in-
7 serting “building”.

8 (b) MODIFICATIONS TO DEFINITION OF FEDERALLY
9 SUBSIDIZED BUILDING.—

10 (1) IN GENERAL.—Subparagraph (A) of section
11 42(i)(2) is amended by striking “, or any below mar-
12 ket Federal loan,”.

13 (2) CONFORMING AMENDMENTS.—

14 (A) Subparagraph (B) of section 42(i)(2)
15 is amended—

16 (i) by striking “BALANCE OF LOAN
17 OR” in the heading thereof,

18 (ii) by striking “loan or” in the mat-
19 ter preceding clause (i), and

20 (iii) by striking “subsection (d)—”
21 and all that follows and inserting “sub-
22 section (d) the proceeds of such obliga-
23 tion.”.

24 (B) Subparagraph (C) of section 42(i)(2)
25 is amended—

1 (i) by striking “or below market Fed-
2 eral loan” in the matter preceding clause

3 (i),

4 (ii) in clause (i)—

5 (I) by striking “or loan (when
6 issued or made)” and inserting
7 “(when issued)”, and

8 (II) by striking “the proceeds of
9 such obligation or loan” and inserting
10 “the proceeds of such obligation”, and

11 (iii) by striking “, and such loan is re-
12 paid,” in clause (ii).

13 (C) Paragraph (2) of section 42(i) is
14 amended by striking subparagraphs (D) and
15 (E).

16 (c) EFFECTIVE DATE.—The amendments made by
17 this subsection shall apply to buildings placed in service
18 after the date of the enactment of this Act.

19 **SEC. 703. MODIFICATIONS TO DEFINITION OF ELIGIBLE**
20 **BASIS.**

21 (a) INCREASE IN CREDIT FOR CERTAIN STATE DES-
22 IGNATED BUILDINGS.—Subparagraph (C) of section
23 42(d)(5) (relating to increase in credit for buildings in
24 high cost areas), before redesignation under subsection (f),
25 is amended by adding at the end the following new clause:

1 “(v) BUILDINGS DESIGNATED BY
2 STATE HOUSING CREDIT AGENCY.—Any
3 building which is designated by the State
4 housing credit agency as requiring the in-
5 crease in credit under this subparagraph in
6 order for such building to be financially
7 feasible as part of a qualified low-income
8 housing project shall be treated for pur-
9 poses of this subparagraph as located in a
10 difficult development area which is des-
11 ignated for purposes of this subparagraph.
12 The preceding sentence shall not apply to
13 any building if paragraph (1) of subsection
14 (h) does not apply to any portion of the el-
15 igible basis of such building by reason of
16 paragraph (4) of such subsection.”.

17 (b) MODIFICATION TO REHABILITATION REQUIRE-
18 MENTS.—

19 (1) IN GENERAL.—Clause (ii) of section
20 42(e)(3)(A) is amended—

21 (A) by striking “10 percent” in subclause
22 (I) and inserting “20 percent”, and

23 (B) by striking “\$3,000” in subclause (II)
24 and inserting “\$6,000”.

1 (2) INFLATION ADJUSTMENT.—Paragraph (3)
2 of section 42(e) is amended by adding at the end the
3 following new subparagraph:

4 “(D) INFLATION ADJUSTMENT.—In the
5 case of any expenditures which are treated
6 under paragraph (4) as placed in service during
7 any calendar year after 2009, the \$6,000
8 amount in subparagraph (A)(ii)(II) shall be in-
9 creased by an amount equal to—

10 “(i) such dollar amount, multiplied by

11 “(ii) the cost-of-living adjustment de-
12 termined under section 1(f)(3) for such
13 calendar year by substituting ‘calendar
14 year 2008’ for ‘calendar year 1992’ in sub-
15 paragraph (B) thereof.

16 Any increase under the preceding sentence
17 which is not a multiple of \$100 shall be round-
18 ed to the nearest multiple of \$100.”.

19 (3) CONFORMING AMENDMENT.—Subclause (II)
20 of section 42(f)(5)(B)(ii) is amended by striking “if
21 subsection (e)(3)(A)(ii)(II)” and all that follows and
22 inserting “if the dollar amount in effect under sub-
23 section (e)(3)(A)(ii)(II) were two-thirds of such
24 amount.”.

1 (c) INCREASE IN ALLOWABLE COMMUNITY SERVICE
2 FACILITY SPACE FOR SMALL PROJECTS.—Clause (ii) of
3 section 42(d)(4)(C) (relating to limitation) is amended by
4 striking “10 percent of the eligible basis of the qualified
5 low-income housing project of which it is a part. For pur-
6 poses of” and inserting “the sum of—

7 “(I) 15 percent of so much of the
8 eligible basis of the qualified low-in-
9 come housing project of which it is a
10 part as does not exceed \$5,000,000,
11 plus

12 “(II) 10 percent of so much of
13 the eligible basis of such project as is
14 not taken into account under sub-
15 clause (I).

16 For purposes of”.

17 (d) CLARIFICATION OF TREATMENT OF FEDERAL
18 GRANTS.—Subparagraph (A) of section 42(d)(5) is
19 amended to read as follows:

20 “(A) FEDERAL GRANTS NOT TAKEN INTO
21 ACCOUNT IN DETERMINING ELIGIBLE BASIS.—
22 The eligible basis of a building shall not include
23 any costs financed with the proceeds of a Fed-
24 erally funded grant.”.

1 (e) SIMPLIFICATION OF RELATED PARTY RULES.—
2 Clause (iii) of section 42(d)(2)(D), before redesignation
3 under subsection (f)(2), is amended—

4 (1) by striking all that precedes subclause (II),
5 (2) by redesignating subclause (II) as clause
6 (iii) and moving such clause two ems to the left, and
7 (3) by striking the last sentence thereof.

8 (f) REPEAL OF DEADWOOD.—

9 (1) Clause (ii) of section 42(d)(2)(B) is amend-
10 ed by striking “the later of—” and all that follows
11 and inserting “the date the building was last placed
12 in service,”.

13 (2) Subparagraph (D) of section 42(d)(2) is
14 amended by striking clause (i) and by redesignating
15 clauses (ii) and (iii) as clauses (i) and (ii), respec-
16 tively.

17 (3) Paragraph (5) of section 42(d) is amended
18 by striking subparagraph (B) and by redesignating
19 subparagraph (C) as subparagraph (B).

20 (g) EFFECTIVE DATE.—The amendments made by
21 this subsection shall apply to buildings placed in service
22 after the date of the enactment of this Act.

1 **SEC. 704. OTHER SIMPLIFICATION AND REFORM OF LOW-**
2 **INCOME HOUSING TAX INCENTIVES.**

3 (a) REPEAL PROHIBITION ON MODERATE REHABILI-
4 TATION ASSISTANCE.—Paragraph (2) of section 42(c) (de-
5 fining qualified low-income building) is amended by strik-
6 ing the flush sentence at the end.

7 (b) MODIFICATION OF TIME LIMIT FOR INCURRING
8 10 PERCENT OF PROJECT’S COST.—Clause (ii) of section
9 42(h)(1)(E) is amended by striking “(as of the later of
10 the date which is 6 months after the date that the alloca-
11 tion was made or the close of the calendar year in which
12 the allocation is made)” and inserting “(as of the date
13 which is 1 year after the date that the allocation was
14 made)”.

15 (c) REPEAL OF BONDING REQUIREMENT ON DIS-
16 POSITION OF BUILDING.—Paragraph (6) of section 42(j)
17 (relating to no recapture on disposition of building (or in-
18 terest therein) where bond posted) is amended to read as
19 follows:

20 “(6) NO RECAPTURE ON DISPOSITION OF
21 BUILDING WHICH CONTINUES IN QUALIFIED USE.—

22 “(A) IN GENERAL.—The increase in tax
23 under this subsection shall not apply solely by
24 reason of the disposition of a building (or an in-
25 terest therein) if it is reasonably expected that
26 such building will continue to be operated as a

1 qualified low-income building for the remaining
2 compliance period with respect to such building.

3 “(B) STATUTE OF LIMITATIONS.—If a
4 building (or an interest therein) is disposed of
5 during any taxable year and there is any reduc-
6 tion in the qualified basis of such building
7 which results in an increase in tax under this
8 subsection for such taxable or any subsequent
9 taxable year, then—

10 “(i) the statutory period for the as-
11 sessment of any deficiency with respect to
12 such increase in tax shall not expire before
13 the expiration of 3 years from the date the
14 Secretary is notified by the taxpayer (in
15 such manner as the Secretary may pre-
16 scribe) of such reduction in qualified basis,
17 and

18 “(ii) such deficiency may be assessed
19 before the expiration of such 3-year period
20 notwithstanding the provisions of any
21 other law or rule of law which would other-
22 wise prevent such assessment.”.

23 (d) ENERGY EFFICIENCY AND HISTORIC NATURE
24 TAKEN INTO ACCOUNT IN MAKING ALLOCATIONS.—Sub-
25 paragraph (C) of section 42(m)(1) (relating to plans for

1 allocation of credit among projects) is amended by striking
2 “and” at the end of clause (vii), by striking the period
3 at the end of clause (viii) and inserting a comma, and by
4 adding at the end the following new clauses:

5 “(ix) the energy efficiency of the
6 project, and

7 “(x) the historic nature of the
8 project.”.

9 (e) CONTINUED ELIGIBILITY FOR STUDENTS WHO
10 RECEIVED FOSTER CARE ASSISTANCE.—Clause (i) of sec-
11 tion 42(i)(3)(D) is amended by striking “or” at the end
12 of subclause (I), by redesignating subclause (II) as sub-
13 clause (III), and by inserting after subclause (I) the fol-
14 lowing new subclause:

15 “(II) a student who was pre-
16 viously under the care and placement
17 responsibility of the State agency re-
18 sponsible for administering a plan
19 under part B or part E of title IV of
20 the Social Security Act, or”.

21 (f) TREATMENT OF RURAL PROJECTS.—Section
22 42(i) (relating to definitions and special rules) is amended
23 by adding at the end the following new paragraph:

24 “(8) TREATMENT OF RURAL PROJECTS.—For
25 purposes of this section, in the case of any project

1 for residential rental property located in a rural area
2 (as defined in section 520 of the Housing Act of
3 1949), any income limitation measured by reference
4 to area median gross income shall be measured by
5 reference to the greater of area median gross income
6 or national non-metropolitan median income. The
7 preceding sentence shall not apply with respect to
8 any building if paragraph (1) of section 42(h) does
9 not apply by reason of paragraph (4) thereof to any
10 portion of the credit determined under this section
11 with respect to such building.”.

12 (g) EFFECTIVE DATE.—

13 (1) IN GENERAL.—Except as otherwise pro-
14 vided in this subsection, the amendments made by
15 this section shall apply to buildings placed in service
16 after the date of the enactment of this Act.

17 (2) REPEAL OF BONDING REQUIREMENT ON
18 DISPOSITION OF BUILDING.—The amendment made
19 by subsection (c) shall apply to—

20 (A) interests in buildings disposed after
21 the date of the enactment of this Act, and

22 (B) interests in buildings disposed of on or
23 before such date if—

24 (i) it is reasonably expected that such
25 building will continue to be operated as a

1 qualified low-income building (within the
2 meaning of section 42 of the Internal Rev-
3 enue Code of 1986) for the remaining com-
4 pliance period (within the meaning of such
5 section) with respect to such building, and
6 (ii) the taxpayer elects the application
7 of this subparagraph with respect to such
8 disposition.

9 Notwithstanding the preceding sentence, the amend-
10 ments made by subsection (c) shall not apply to any
11 disposition after the date 5 years after the date of
12 the enactment of this Act.

13 (3) ENERGY EFFICIENCY AND HISTORIC NA-
14 TURE TAKEN INTO ACCOUNT IN MAKING ALLOCA-
15 TIONS.—The amendments made by subsection (d)
16 shall apply to allocations made after December 31,
17 2008.

18 (4) CONTINUED ELIGIBILITY FOR STUDENTS
19 WHO RECEIVED FOSTER CARE ASSISTANCE.—The
20 amendments made by subsection (e) shall apply to
21 determinations made after the date of the enactment
22 of this Act.

23 (5) TREATMENT OF RURAL PROJECTS.—The
24 amendment made by subsection (f) shall apply to de-

1 terminations made after the date of the enactment
2 of this Act.

3 **Subpart B—Modifications to Tax-Exempt Housing**

4 **Bond Rules**

5 **SEC. 706. RECYCLING OF TAX-EXEMPT DEBT FOR FINANC-**
6 **ING RESIDENTIAL RENTAL PROJECTS.**

7 (a) IN GENERAL.—Subsection (i) of section 146 (re-
8 lating to treatment of refunding issues) is amended by
9 adding at the end the following new paragraph:

10 “(6) TREATMENT OF CERTAIN RESIDENTIAL
11 RENTAL PROJECT BONDS AS REFUNDING BONDS IR-
12 RESPECTIVE OF OBLIGOR.—

13 “(A) IN GENERAL.—If, during the 6-
14 month period beginning on the date of a repay-
15 ment of a loan financed by an issue 95 percent
16 or more of the net proceeds of which are used
17 to provide projects described in section 142(d),
18 such repayment is used to provide a new loan
19 for any project so described, any bond which is
20 issued to refinance such issue shall be treated
21 as a refunding issue to the extent the principal
22 amount of such refunding issue does not exceed
23 the principal amount of the bonds refunded.

1 “(B) LIMITATIONS.—Subparagraph (A)
2 shall apply to only one refunding of the original
3 issue and only if—

4 “(i) the refunding issue is issued not
5 later than 4 years after the date on which
6 the original issue was issued,

7 “(ii) the latest maturity date of any
8 bond of the refunding issue is not later
9 than 34 years after the date on which the
10 refunded bond was issued, and

11 “(iii) the refunding issue is approved
12 in accordance with section 147(f) before
13 the issuance of the refunding issue.”.

14 (b) LOW-INCOME HOUSING CREDIT.—Clause (ii) of
15 section 42(h)(4)(A) is amended by inserting “or such fi-
16 nancing is refunded as described in section 146(i)(6)” be-
17 fore the period at the end.

18 (c) EFFECTIVE DATE.—The amendments made by
19 this section shall apply to repayments of loans received
20 after the date of the enactment of this Act.

1 **SEC. 707. COORDINATION OF CERTAIN RULES APPLICABLE**
2 **TO LOW-INCOME HOUSING CREDIT AND**
3 **QUALIFIED RESIDENTIAL RENTAL PROJECT**
4 **EXEMPT FACILITY BONDS.**

5 (a) DETERMINATION OF NEXT AVAILABLE UNIT.—
6 Paragraph (3) of section 142(d) (relating to current in-
7 come determinations) is amended by adding at the end
8 the following new subparagraph:

9 “(C) EXCEPTION FOR PROJECTS WITH RE-
10 SPECT TO WHICH AFFORDABLE HOUSING CRED-
11 IT IS ALLOWED.—In the case of a project with
12 respect to which credit is allowed under section
13 42, the second sentence of subparagraph (B)
14 shall be applied by substituting ‘building (with-
15 in the meaning of section 42)’ for ‘project’.”.

16 (b) STUDENTS.—Paragraph (2) of section 142(d)
17 (relating to definitions and special rules) is amended by
18 adding at the end the following new subparagraph:

19 “(C) STUDENTS.—Rules similar to the
20 rules of 42(i)(3)(D) shall apply for purposes of
21 this subsection.”.

22 (c) SINGLE-ROOM OCCUPANCY UNITS.—Paragraph
23 (2) of section 142(d) (relating to definitions and special
24 rules), as amended by subsection (b), is further amended
25 by adding at the end the following new subparagraph:

1 “(D) SINGLE-ROOM OCCUPANCY UNITS.—A
2 unit shall not fail to be treated as a residential
3 unit merely because such unit is a single-room
4 occupancy unit (within the meaning of section
5 42).”.

6 (d) EFFECTIVE DATE.—The amendments made by
7 this section shall apply to determinations of the status of
8 qualified residential rental projects for periods beginning
9 after the date of the enactment of this Act, with respect
10 to bonds issued before, on, or after such date.

11 **Subpart C—Reforms Related to the Low-Income**

12 **Housing Credit and Tax-Exempt Housing Bonds**

13 **SEC. 709. HOLD HARMLESS FOR REDUCTIONS IN AREA ME-**
14 **DIAN GROSS INCOME.**

15 (a) IN GENERAL.—Paragraph (2) of section 142(d),
16 as amended by section 707, is further amended by adding
17 at the end the following new subparagraph:

18 “(E) HOLD HARMLESS FOR REDUCTIONS
19 IN AREA MEDIAN GROSS INCOME.—

20 “(i) IN GENERAL.—Any determination
21 of area median gross income under sub-
22 paragraph (B) with respect to any project
23 for any calendar year after 2008 shall not
24 be less than the area median gross income
25 determined under such subparagraph with

1 respect to such project for the calendar
2 year preceding the calendar year for which
3 such determination is made.

4 “(ii) SPECIAL RULE FOR CERTAIN
5 CENSUS CHANGES.—In the case of a HUD
6 hold harmless impacted project, the area
7 median gross income with respect to such
8 project for any calendar year after 2008
9 (hereafter in this clause referred to as the
10 current calendar year) shall be the greater
11 of the amount determined without regard
12 to this clause or the sum of—

13 “(I) the area median gross in-
14 come determined under the HUD hold
15 harmless policy with respect to such
16 project for calendar year 2008, plus

17 “(II) any increase in the area
18 median gross income determined
19 under subparagraph (B) (determined
20 without regard to the HUD hold
21 harmless policy and this subpara-
22 graph) with respect to such project
23 for the current calendar year over the
24 area median gross income (as so de-

1 terminated) with respect to such project
2 for calendar year 2008.

3 “(iii) HUD HOLD HARMLESS POL-
4 ICY.—The term ‘HUD hold harmless pol-
5 icy’ means the regulations under which a
6 policy similar to the rules of clause (i) ap-
7 plied to prevent a change in the method of
8 determining area median gross income
9 from resulting in a reduction in the area
10 median gross income determined with re-
11 spect to certain projects in calendar years
12 2007 and 2008.

13 “(iv) HUD HOLD HARMLESS IM-
14 PACTED PROJECT.—The term ‘HUD hold
15 harmless impacted project’ means any
16 project with respect to which area median
17 gross income was determined under sub-
18 paragraph (B) for calendar year 2007 or
19 2008 if such determination would have
20 been less but for the HUD hold harmless
21 policy.”.

22 (b) EFFECTIVE DATE.—The amendment made by
23 this section shall apply to determinations of area median
24 gross income for calendar years after 2008.

1 **SEC. 710. EXCEPTION TO ANNUAL CURRENT INCOME DE-**
2 **TERMINATION REQUIREMENT WHERE DE-**
3 **TERMINATION NOT RELEVANT.**

4 (a) IN GENERAL.—Subparagraph (A) of section
5 142(d)(3) is amended by adding at the end the following
6 new sentence: “The preceding sentence shall not apply
7 with respect to any project for any year if during such
8 year no residential unit in the project is occupied by a
9 new resident whose income exceeds the applicable income
10 limit.”.

11 (b) EFFECTIVE DATE.—The amendment made by
12 this section shall apply to years ending after the date of
13 the enactment of this Act.

14 **PART 2—SINGLE FAMILY HOUSING**

15 **SEC. 712. FIRST-TIME HOMEBUYER CREDIT.**

16 (a) IN GENERAL.—Subpart C of part IV of sub-
17 chapter A of chapter 1 is amended by redesignating sec-
18 tion 36 as section 37 and by inserting after section 35
19 the following new section:

20 **“SEC. 36. FIRST-TIME HOMEBUYER CREDIT.**

21 **“(a) ALLOWANCE OF CREDIT.—**In the case of an in-
22 dividual who is a first-time homebuyer of a principal resi-
23 dence in the United States during a taxable year, there
24 shall be allowed as a credit against the tax imposed by
25 this subtitle for such taxable year an amount equal to 10
26 percent of the purchase price of the residence.

1 “(b) LIMITATIONS.—

2 “(1) DOLLAR LIMITATION.—

3 “(A) IN GENERAL.—Except as otherwise
4 provided in this paragraph, the credit allowed
5 under subsection (a) shall not exceed \$7,500.

6 “(B) MARRIED INDIVIDUALS FILING SEPA-
7 RATELY.—In the case of a married individual
8 filing a separate return, subparagraph (A) shall
9 be applied by substituting ‘\$3,750’ for ‘\$7,500’.

10 “(C) OTHER INDIVIDUALS.—If two or
11 more individuals who are not married purchase
12 a principal residence, the amount of the credit
13 allowed under subsection (a) shall be allocated
14 among such individuals in such manner as the
15 Secretary may prescribe, except that the total
16 amount of the credits allowed to all such indi-
17 viduals shall not exceed \$7,500.

18 “(2) LIMITATION BASED ON MODIFIED AD-
19 JUSTED GROSS INCOME.—

20 “(A) IN GENERAL.—The amount allowable
21 as a credit under subsection (a) (determined
22 without regard to this paragraph) for the tax-
23 able year shall be reduced (but not below zero)
24 by the amount which bears the same ratio to
25 the amount which is so allowable as—

1 “(i) the excess (if any) of—

2 “(I) the taxpayer’s modified ad-
3 justed gross income for such taxable
4 year, over

5 “(II) \$70,000 (\$140,000 in the
6 case of a joint return), bears to

7 “(ii) \$20,000.

8 “(B) MODIFIED ADJUSTED GROSS IN-
9 COME.—For purposes of subparagraph (A), the
10 term ‘modified adjusted gross income’ means
11 the adjusted gross income of the taxpayer for
12 the taxable year increased by any amount ex-
13 cluded from gross income under section 911,
14 931, or 933.

15 “(c) DEFINITIONS.—For purposes of this section—

16 “(1) FIRST-TIME HOMEBUYER.—The term
17 ‘first-time homebuyer’ means any individual if such
18 individual (and if married, such individual’s spouse)
19 had no present ownership interest in a principal resi-
20 dence during the 3-year period ending on the date
21 of the purchase of the principal residence to which
22 this section applies.

23 “(2) PRINCIPAL RESIDENCE.—The term ‘prin-
24 cipal residence’ has the same meaning as when used
25 in section 121.

1 “(3) PURCHASE.—

2 “(A) IN GENERAL.—The term ‘purchase’
3 means any acquisition, but only if—

4 “(i) the property is not acquired from
5 a person related to the person acquiring it,
6 and

7 “(ii) the basis of the property in the
8 hands of the person acquiring it is not de-
9 termined—

10 “(I) in whole or in part by ref-
11 erence to the adjusted basis of such
12 property in the hands of the person
13 from whom acquired, or

14 “(II) under section 1014(a) (re-
15 lating to property acquired from a de-
16 cedent).

17 “(B) CONSTRUCTION.—A residence which
18 is constructed by the taxpayer shall be treated
19 as purchased by the taxpayer on the date the
20 taxpayer first occupies such residence.

21 “(4) PURCHASE PRICE.—The term ‘purchase
22 price’ means the adjusted basis of the principal resi-
23 dence on the date such residence is purchased.

24 “(5) RELATED PERSONS.—A person shall be
25 treated as related to another person if the relation-

1 ship between such persons would result in the dis-
2 allowance of losses under section 267 or 707(b) (but,
3 in applying section 267(b) and (c) for purposes of
4 this section, paragraph (4) of section 267(c) shall be
5 treated as providing that the family of an individual
6 shall include only his spouse, ancestors, and lineal
7 descendants).

8 “(d) EXCEPTIONS.—No credit under subsection (a)
9 shall be allowed to any taxpayer for any taxable year with
10 respect to the purchase of a residence if—

11 “(1) a credit under section 1400C (relating to
12 first-time homebuyer in the District of Columbia) is
13 allowable to the taxpayer (or the taxpayer’s spouse)
14 for such taxable year or any prior taxable year,

15 “(2) the residence is financed by the proceeds
16 of a qualified mortgage issue the interest on which
17 is exempt from tax under section 103,

18 “(3) the taxpayer is a nonresident alien, or

19 “(4) the taxpayer disposes of such residence (or
20 such residence ceases to be the principal residence of
21 the taxpayer (and, if married, the taxpayer’s
22 spouse)) before the close of such taxable year.

23 “(e) REPORTING.—If the Secretary requires informa-
24 tion reporting under section 6045 by a person described
25 in subsection (e)(2) thereof to verify the eligibility of tax-

1 payers for the credit allowable by this section, the excep-
2 tion provided by section 6045(e) shall not apply.

3 “(f) RECAPTURE OF CREDIT.—

4 “(1) IN GENERAL.—Except as otherwise pro-
5 vided in this subsection, if a credit under subsection
6 (a) is allowed to a taxpayer, the tax imposed by this
7 chapter shall be increased by $6\frac{2}{3}$ percent of the
8 amount of such credit for each taxable year in the
9 recapture period.

10 “(2) ACCELERATION OF RECAPTURE.—If a tax-
11 payer disposes of the principal residence with respect
12 to which a credit was allowed under subsection (a)
13 (or such residence ceases to be the principal resi-
14 dence of the taxpayer (and, if married, the tax-
15 payer’s spouse)) before the end of the recapture pe-
16 riod—

17 “(A) the tax imposed by this chapter for
18 the taxable year of such disposition or ces-
19 sation, shall be increased by the excess of the
20 amount of the credit allowed over the amounts
21 of tax imposed by paragraph (1) for preceding
22 taxable years, and

23 “(B) paragraph (1) shall not apply with
24 respect to such credit for such taxable year or
25 any subsequent taxable year.

1 “(3) LIMITATION BASED ON GAIN.—In the case
2 of the sale of the principal residence to a person who
3 is not related to the taxpayer, the increase in tax de-
4 termined under paragraph (2) shall not exceed the
5 amount of gain (if any) on such sale. Solely for pur-
6 poses of the preceding sentence, the adjusted basis
7 of such residence shall be reduced by the amount of
8 the credit allowed under subsection (a) to the extent
9 not previously recaptured under paragraph (1).

10 “(4) EXCEPTIONS.—

11 “(A) DEATH OF TAXPAYER.—Paragraphs
12 (1) and (2) shall not apply to any taxable year
13 ending after the date of the taxpayer’s death.

14 “(B) INVOLUNTARY CONVERSION.—Para-
15 graph (2) shall not apply in the case of a resi-
16 dence which is compulsorily or involuntarily
17 converted (within the meaning of section
18 1033(a)) if the taxpayer acquires a new prin-
19 cipal residence during the 2-year period begin-
20 ning on the date of the disposition or cessation
21 referred to in paragraph (2). Paragraph (2)
22 shall apply to such new principal residence dur-
23 ing the recapture period in the same manner as
24 if such new principal residence were the con-
25 verted residence.

1 “(C) TRANSFERS BETWEEN SPOUSES OR
2 INCIDENT TO DIVORCE.—In the case of a trans-
3 fer of a residence to which section 1041(a) ap-
4 plies—

5 “(i) paragraph (2) shall not apply to
6 such transfer, and

7 “(ii) in the case of taxable years end-
8 ing after such transfer, paragraphs (1) and
9 (2) shall apply to the transferee in the
10 same manner as if such transferee were
11 the transferor (and shall not apply to the
12 transferor).

13 “(5) JOINT RETURNS.—In the case of a credit
14 allowed under subsection (a) with respect to a joint
15 return, half of such credit shall be treated as having
16 been allowed to each individual filing such return for
17 purposes of this subsection.

18 “(6) RECAPTURE PERIOD.—For purposes of
19 this subsection, the term ‘recapture period’ means
20 the 15 taxable years beginning with the second tax-
21 able year following the taxable year in which the
22 purchase of the principal residence for which a cred-
23 it is allowed under subsection (a) was made.

24 “(g) APPLICATION OF SECTION.—This section shall
25 only apply to a principal residence purchased by the tax-

1 payer on or after April 9, 2008, and before April 1,
2 2009.”.

3 (b) CONFORMING AMENDMENTS.—

4 (1) Section 26(b)(2) is amended by striking
5 “and” at the end of subparagraph (U), by striking
6 the period and inserting “, and” and the end of sub-
7 paragraph (V), and by inserting after subparagraph
8 (V) the following new subparagraph:

9 “(W) section 36(f) (relating to recapture of
10 homebuyer credit).”.

11 (2) Section 6211(b)(4)(A) is amended by strik-
12 ing “34,” and all that follows through “6428” and
13 inserting “34, 35, 36, 53(e), and 6428”.

14 (3) Section 1324(b)(2) of title 31, United
15 States Code, is amended by inserting “, 36,” after
16 “section 35”.

17 (4) The table of sections for subpart C of part
18 IV of subchapter A of chapter 1 is amended by re-
19 designating the item relating to section 36 as an
20 item relating to section 37 and by inserting before
21 such item the following new item:

“Sec. 36. First-time homebuyer credit.”.

22 (c) EFFECTIVE DATE.—The amendments made by
23 this section shall apply to residences purchased on or after
24 April 9, 2008, in taxable years ending on or after such
25 date.

1 **SEC. 713. ADDITIONAL STANDARD DEDUCTION FOR REAL**
2 **PROPERTY TAXES FOR NONITEMIZERS.**

3 (a) IN GENERAL.—Section 63(c)(1) (defining stand-
4 ard deduction) is amended by striking “and” at the end
5 of subparagraph (A), by striking the period at the end
6 of subparagraph (B) and inserting “, and”, and by adding
7 at the end the following new subparagraph:

8 “(C) in the case of any taxable year begin-
9 ning in 2008, the real property tax deduction.”.

10 (b) DEFINITION.—Section 63(c) is amended by add-
11 ing at the end the following new paragraph:

12 “(7) REAL PROPERTY TAX DEDUCTION.—For
13 purposes of paragraph (1), the real property tax de-
14 duction is the lesser of—

15 “(A) the amount allowable as a deduction
16 under this chapter for State and local taxes de-
17 scribed in section 164(a)(1), or

18 “(B) \$350 (\$700 in the case of a joint re-
19 turn).

20 Any taxes taken into account under section 62(a)
21 shall not be taken into account under this para-
22 graph.”.

23 (c) EFFECTIVE DATE.—The amendments made by
24 this section shall apply to taxable years beginning after
25 December 31, 2007.

PART 3—GENERAL PROVISIONS

**SEC. 715. TEMPORARY LIBERALIZATION OF TAX-EXEMPT
HOUSING BOND RULES.**

(a) TEMPORARY INCREASE IN VOLUME CAP.—

(1) IN GENERAL.—Subsection (d) of section 146 is amended by adding at the end the following new paragraph:

“(5) INCREASE AND SET ASIDE FOR HOUSING BONDS FOR 2008.—

“(A) INCREASE FOR 2008.—In the case of calendar year 2008, the State ceiling for each State shall be increased by an amount equal to \$10,000,000,000 multiplied by a fraction—

“(i) the numerator of which is the population of such State, and

“(ii) the denominator of which is the total population of all States.

“(B) SET ASIDE.—

“(i) IN GENERAL.—Any amount of the State ceiling for any State which is attributable to an increase under this paragraph shall be allocated solely for one or more qualified housing issues.

“(ii) QUALIFIED HOUSING ISSUE.—For purposes of this paragraph, the term ‘qualified housing issue’ means—

1 “(I) an issue described in section
2 142(a)(7) (relating to qualified resi-
3 dential rental projects), or

4 “(II) a qualified mortgage issue
5 (determined by substituting ‘12-month
6 period’ for ‘42-month period’ each
7 place it appears in section
8 143(a)(2)(D)(i)).”.

9 (2) CARRYFORWARD OF UNUSED LIMITA-
10 TIONS.—Subsection (f) of section 146 is amended by
11 adding at the end the following new paragraph:

12 “(6) SPECIAL RULES FOR INCREASED VOLUME
13 CAP UNDER SUBSECTION (d)(5).—No amount which
14 is attributable to the increase under subsection
15 (d)(5) may be used—

16 “(A) for any issue other than a qualified
17 housing issue (as defined in subsection (d)(5)),
18 or

19 “(B) to issue any bond after calendar year
20 2010.”.

21 (b) TEMPORARY RULE FOR USE OF QUALIFIED
22 MORTGAGE BONDS PROCEEDS FOR SUBPRIME REFI-
23 NANCING LOANS.—

1 (1) IN GENERAL.—Section 143(k) (relating to
2 other definitions and special rules) is amended by
3 adding at the end the following new paragraph:

4 “(12) SPECIAL RULES FOR SUBPRIME
5 REFINANCINGS.—

6 “(A) IN GENERAL.—Notwithstanding the
7 requirements of subsection (i)(1), the proceeds
8 of a qualified mortgage issue may be used to re-
9 finance a mortgage on a residence which was
10 originally financed by the mortgagor through a
11 qualified subprime loan.

12 “(B) SPECIAL RULES.—In applying sub-
13 paragraph (A) to any refinancing—

14 “(i) subsection (a)(2)(D)(i) shall be
15 applied by substituting ‘12-month period’
16 for ‘42-month period’ each place it ap-
17 pears,

18 “(ii) subsection (d) (relating to 3-year
19 requirement) shall not apply, and

20 “(iii) subsection (e) (relating to pur-
21 chase price requirement) shall be applied
22 by using the market value of the residence
23 at the time of refinancing in lieu of the ac-
24 quisition cost.

1 “(C) QUALIFIED SUBPRIME LOAN.—The
2 term ‘qualified subprime loan’ means an adjust-
3 able rate single-family residential mortgage loan
4 made after December 31, 2001, and before
5 January 1, 2008, that the bond issuer deter-
6 mines would be reasonably likely to cause finan-
7 cial hardship to the borrower if not refinanced.

8 “(D) TERMINATION.—This paragraph
9 shall not apply to any bonds issued after De-
10 cember 31, 2010.”.

11 (c) EFFECTIVE DATE.—The amendments made by
12 this section shall apply to bonds issued after the date of
13 the enactment of this Act.

14 **SEC. 716. REPEAL OF ALTERNATIVE MINIMUM TAX LIMITA-**
15 **TIONS ON TAX-EXEMPT HOUSING BONDS,**
16 **LOW-INCOME HOUSING TAX CREDIT, AND RE-**
17 **HABILITATION CREDIT.**

18 (a) TAX-EXEMPT INTEREST ON CERTAIN HOUSING
19 BONDS EXEMPTED FROM ALTERNATIVE MINIMUM
20 TAX.—

21 (1) IN GENERAL.—Subparagraph (C) of section
22 57(a)(5) (relating to specified private activity bonds)
23 is amended by redesignating clauses (iii) and (iv) as
24 clauses (iv) and (v), respectively, and by inserting
25 after clause (ii) the following new clause:

1 “(iii) EXCEPTION FOR CERTAIN HOUS-
2 ING BONDS.—For purposes of clause (i),
3 the term ‘private activity bond’ shall not
4 include any bond issued after the date of
5 the enactment of this clause if such bond
6 is—

7 “(I) an exempt facility bond
8 issued as part of an issue 95 percent
9 or more of the net proceeds of which
10 are to be used to provide qualified res-
11 idential rental projects (as defined in
12 section 142(d)),

13 “(II) a qualified mortgage bond
14 (as defined in section 143(a)), or

15 “(III) a qualified veterans’ mort-
16 gage bond (as defined in section
17 143(b)).

18 The preceding sentence shall not apply to
19 any refunding bond unless such preceding
20 sentence applied to the refunded bond (or
21 in the case of a series of refundings, the
22 original bond).”.

23 (2) NO ADJUSTMENT TO ADJUSTED CURRENT
24 EARNINGS.—Subparagraph (B) of section 56(g)(4)

1 is amended by adding at the end the following new
2 clause:

3 “(iii) TAX EXEMPT INTEREST ON CER-
4 TAIN HOUSING BONDS.—Clause (i) shall
5 not apply in the case of any interest on a
6 bond to which section 57(a)(5)(C)(iii) ap-
7 plies.”.

8 (b) ALLOWANCE OF LOW-INCOME HOUSING CREDIT
9 AGAINST ALTERNATIVE MINIMUM TAX.—Subparagraph
10 (B) of section 38(c)(4) (relating to specified credits) is
11 amended by redesignating clauses (ii) through (iv) as
12 clauses (iii) through (v) and inserting after clause (i) the
13 following new clause:

14 “(ii) the credit determined under sec-
15 tion 42 to the extent attributable to build-
16 ings placed in service after December 31,
17 2007,”.

18 (c) ALLOWANCE OF REHABILITATION CREDIT
19 AGAINST ALTERNATIVE MINIMUM TAX.—Subparagraph
20 (B) of section 38(c)(4), as amended by subsection (b), is
21 amended by striking “and” at the end of clause (iv), by
22 redesignating clause (v) as clause (vi), and by inserting
23 after clause (iv) the following new clause:

24 “(v) the credit determined under sec-
25 tion 47 to the extent attributable to quali-

1 fied rehabilitation expenditures properly
2 taken into account for periods after De-
3 cember 31, 2007, and”.

4 (d) EFFECTIVE DATE.—

5 (1) HOUSING BONDS.—The amendments made
6 by subsection (a) shall apply to bonds issued after
7 the date of the enactment of this Act.

8 (2) LOW INCOME HOUSING CREDIT.—The
9 amendments made by subsection (b) shall apply to
10 credits determined under section 42 of the Internal
11 Revenue Code of 1986 to the extent attributable to
12 buildings placed in service after December 31, 2007.

13 (3) REHABILITATION CREDIT.—The amend-
14 ments made by subsection (c) shall apply to credits
15 determined under section 47 of the Internal Revenue
16 Code of 1986 to the extent attributable to qualified
17 rehabilitation expenditures properly taken into ac-
18 count for periods after December 31, 2007.

19 **SEC. 717. BONDS GUARANTEED BY FEDERAL HOME LOAN**
20 **BANKS ELIGIBLE FOR TREATMENT AS TAX-**
21 **EXEMPT BONDS.**

22 (a) IN GENERAL.—Subparagraph (A) of section
23 149(b)(3) (relating to exceptions for certain insurance
24 programs) is amended by striking “or” at the end of
25 clause (ii), by striking the period at the end of clause (iii)

1 and inserting “, or” and by adding at the end the following
2 new clause:

3 “(iv) any guarantee by a Federal
4 home loan bank made in connection with
5 the original issuance of a bond during the
6 period beginning on the date of the enact-
7 ment of this Act and ending on December
8 31, 2010 (or a renewal or extension of a
9 guarantee so made).”.

10 (b) SAFETY AND SOUNDNESS REQUIREMENTS.—
11 Paragraph (3) of section 149(b) is amended by adding at
12 the end the following new subparagraph:

13 “(E) SAFETY AND SOUNDNESS REQUIRE-
14 MENTS FOR FEDERAL HOME LOAN BANKS.—
15 Clause (iv) of subparagraph (A) shall not apply
16 to any guarantee by a Federal home loan bank
17 unless such bank meets safety and soundness
18 collateral requirements for such guarantees
19 which are at least as stringent as such require-
20 ments which apply under regulations applicable
21 to such guarantees by Federal home loan banks
22 as in effect on April 9, 2008.”.

23 (c) EFFECTIVE DATE.—The amendments made by
24 this section shall apply to guarantees made after the date
25 of the enactment of this Act.

1 **SEC. 718. MODIFICATION OF RULES PERTAINING TO**
2 **FIRPTA NONFOREIGN AFFIDAVITS.**

3 (a) IN GENERAL.—Subsection (b) of section 1445
4 (relating to exemptions) is amended by adding at the end
5 the following:

6 “(9) ALTERNATIVE PROCEDURE FOR FUR-
7 NISHING NONFOREIGN AFFIDAVIT.—For purposes of
8 paragraphs (2) and (7)—

9 “(A) IN GENERAL.—Paragraph (2) shall
10 be treated as applying to a transaction if, in
11 connection with a disposition of a United States
12 real property interest—

13 “(i) the affidavit specified in para-
14 graph (2) is furnished to a qualified sub-
15 stitute, and

16 “(ii) the qualified substitute furnishes
17 a statement to the transferee stating,
18 under penalty of perjury, that the qualified
19 substitute has such affidavit in his posses-
20 sion.

21 “(B) REGULATIONS.—The Secretary shall
22 prescribe such regulations as may be necessary
23 or appropriate to carry out this paragraph.”.

24 (b) QUALIFIED SUBSTITUTE.—Subsection (f) of sec-
25 tion 1445 (relating to definitions) is amended by adding
26 at the end the following new paragraph:

1 “(6) QUALIFIED SUBSTITUTE.—The term
2 ‘qualified substitute’ means, with respect to a dis-
3 position of a United States real property interest—

4 “(A) the person (including any attorney or
5 title company) responsible for closing the trans-
6 action, other than the transferor’s agent, and

7 “(B) the transferee’s agent.”.

8 (c) EXEMPTION NOT TO APPLY IF KNOWLEDGE OR
9 NOTICE THAT AFFIDAVIT OR STATEMENT IS FALSE.—

10 (1) IN GENERAL.—Paragraph (7) of section
11 1445(b) (relating to special rules for paragraphs (2)
12 and (3)) is amended to read as follows:

13 “(7) SPECIAL RULES FOR PARAGRAPHS (2), (3),
14 AND (9).—Paragraph (2), (3), or (9) (as the case
15 may be) shall not apply to any disposition—

16 “(A) if—

17 “(i) the transferee or qualified sub-
18 stitute has actual knowledge that the affi-
19 davit referred to in such paragraph, or the
20 statement referred to in paragraph
21 (9)(A)(ii), is false, or

22 “(ii) the transferee or qualified sub-
23 stitute receives a notice (as described in
24 subsection (d)) from a transferor’s agent,

1 transferee’s agent, or qualified substitute
2 that such affidavit or statement is false, or
3 “(B) if the Secretary by regulations re-
4 quires the transferee or qualified substitute to
5 furnish a copy of such affidavit or statement to
6 the Secretary and the transferee or qualified
7 substitute fails to furnish a copy of such affi-
8 davit or statement to the Secretary at such
9 time and in such manner as required by such
10 regulations.”.

11 (2) LIABILITY.—

12 (A) NOTICE.—Paragraph (1) of section
13 1445(d) (relating to notice of false affidavit;
14 foreign corporations) is amended to read as fol-
15 lows:

16 “(1) NOTICE OF FALSE AFFIDAVIT; FOREIGN
17 CORPORATIONS.—If—

18 “(A) the transferor furnishes the trans-
19 feree or qualified substitute an affidavit de-
20 scribed in paragraph (2) of subsection (b) or a
21 domestic corporation furnishes the transferee
22 an affidavit described in paragraph (3) of sub-
23 section (b), and

24 “(B) in the case of—

25 “(i) any transferor’s agent—

1 “(I) such agent has actual knowl-
2 edge that such affidavit is false, or

3 “(II) in the case of an affidavit
4 described in subsection (b)(2) fur-
5 nished by a corporation, such corpora-
6 tion is a foreign corporation, or

7 “(ii) any transferee’s agent or quali-
8 fied substitute, such agent or substitute
9 has actual knowledge that such affidavit is
10 false,

11 such agent or qualified substitute shall so notify
12 the transferee at such time and in such manner
13 as the Secretary shall require by regulations.”.

14 (B) FAILURE TO FURNISH NOTICE.—Para-
15 graph (2) of section 1445(d) (relating to failure
16 to furnish notice) is amended to read as follows:

17 “(2) FAILURE TO FURNISH NOTICE.—

18 “(A) IN GENERAL.—If any transferor’s
19 agent, transferee’s agent, or qualified substitute
20 is required by paragraph (1) to furnish notice,
21 but fails to furnish such notice at such time or
22 times and in such manner as may be required
23 by regulations, such agent or substitute shall
24 have the same duty to deduct and withhold that

1 the transferee would have had if such agent or
2 substitute had complied with paragraph (1).

3 “(B) LIABILITY LIMITED TO AMOUNT OF
4 COMPENSATION.—An agent’s or substitute’s li-
5 ability under subparagraph (A) shall be limited
6 to the amount of compensation the agent or
7 substitute derives from the transaction.”.

8 (C) CONFORMING AMENDMENT.—The
9 heading for section 1445(d) is amended by
10 striking “OR TRANSFEREE’S AGENTS” and in-
11 serting “, TRANSFEREE’S AGENTS, OR QUALI-
12 FIED SUBSTITUTES”.

13 (d) EFFECTIVE DATE.—The amendments made by
14 this section shall apply to dispositions of United States
15 real property interests after the date of the enactment of
16 this Act.

17 **SEC. 719. MODIFICATION OF DEFINITION OF TAX-EXEMPT**
18 **USE PROPERTY FOR PURPOSES OF THE RE-**
19 **HABILITATION CREDIT.**

20 (a) IN GENERAL.—Subclause (I) of section
21 47(c)(2)(B)(v) is amended by striking “section 168(h)”
22 and inserting “section 168(h), except that ‘50 percent’
23 shall be substituted for ‘35 percent’ in paragraph
24 (1)(B)(iii) thereof”.

1 (b) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to expenditures properly taken into
3 account for periods after December 31, 2007.

4 **Subtitle B—Reforms Related to**
5 **Real Estate Investment Trusts**

6 **PART 1—FOREIGN CURRENCY AND OTHER**
7 **QUALIFIED ACTIVITIES**

8 **SEC. 721. REVISIONS TO REIT INCOME TESTS.**

9 (a) ADDITION OF PERMISSIBLE INCOME CAT-
10 EGORIES.—Section 856(c) (relating to limitations) is
11 amended—

12 (1) by striking “and” at the end of paragraph
13 (2)(G) and by inserting after paragraph (2)(H) the
14 following new subparagraphs:

15 “(I) passive foreign exchange gains; and

16 “(J) any other item of income or gain as
17 determined by the Secretary;”, and

18 (2) by striking “and” at the end of paragraphs
19 (3)(H) and (3)(I) and by inserting after paragraph
20 (3)(I) the following new subparagraphs:

21 “(J) real estate foreign exchange gains;

22 and

23 “(K) any other item of income or gain as
24 determined by the Secretary; and”.

1 (b) RULES REGARDING FOREIGN CURRENCY TRANS-
2 ACTIONS.—Section 856 (defining real estate investment
3 trust) is amended by adding at the end the following new
4 subsection:

5 “(n) RULES REGARDING FOREIGN CURRENCY
6 TRANSACTIONS.—With respect to any taxable year—

7 “(1) REAL ESTATE FOREIGN EXCHANGE
8 GAINS.—For purposes of subsection (c)(3)(J), the
9 term ‘real estate foreign exchange gains’ means—

10 “(A) foreign currency gains (as defined in
11 section 988(b)(1)) which are attributable to—

12 “(i) any item described in subsection
13 (c)(3) (other than in subparagraph (J)
14 thereof),

15 “(ii) the acquisition or ownership of
16 obligations secured by mortgages on real
17 property or on interests in real property
18 (other than foreign currency gains attrib-
19 utable to any item described in clause (i)),
20 or

21 “(iii) becoming or being the obligor
22 under obligations secured by mortgages on
23 real property or on interests in real prop-
24 erty (other than foreign currency gains at-

1 tributable to any item described in clause
2 (i)),

3 “(B) gains described in section 987 attrib-
4 utable to a qualified business unit (as defined
5 by section 989) of the real estate investment
6 trust, but only if such qualified business unit
7 meets the requirements under—

8 “(i) subsection (c)(3) (without regard
9 to subparagraph (J) thereof) for the tax-
10 able year, and

11 “(ii) subsection (c)(4)(A) at the close
12 of each quarter that the real estate invest-
13 ment trust has directly or indirectly held
14 the qualified business unit, and

15 “(C) any other foreign currency gains as
16 determined by the Secretary.

17 “(2) PASSIVE FOREIGN EXCHANGE GAINS.—For
18 purposes of subsection (c)(2)(I), the term ‘passive
19 foreign exchange gains’ means—

20 “(A) real estate foreign exchange gains,

21 “(B) foreign currency gains (as defined in
22 section 988(b)(1)) which are not described in
23 subparagraph (A) and which are attributable to
24 any item described in subsection (c)(2) (other
25 than in subparagraph (I) thereof), and

1 “(C) any other foreign currency gains as
2 determined by the Secretary.”.

3 (c) ADDITION TO REIT HEDGING RULE.—Subpara-
4 graph (G) of section 856(c)(5) is amended to read as fol-
5 lows:

6 “(G) TREATMENT OF CERTAIN HEDGING
7 INSTRUMENTS.—Except to the extent as deter-
8 mined by the Secretary—

9 “(i) any income of a real estate in-
10 vestment trust from a hedging transaction
11 (as defined in clause (ii) or (iii) of section
12 1221(b)(2)(A)) which is clearly identified
13 pursuant to section 1221(a)(7), including
14 gain from the sale or disposition of such a
15 transaction, shall not constitute gross in-
16 come under paragraphs (2) and (3) to the
17 extent that the transaction hedges any in-
18 debtedness incurred or to be incurred by
19 the trust to acquire or carry real estate as-
20 sets, and

21 “(ii) any income of a real estate in-
22 vestment trust from a transaction entered
23 into by the trust primarily to manage risk
24 of currency fluctuations with respect to
25 any item described in paragraph (2) or (3),

1 including gain from the termination of
2 such a transaction, shall not constitute
3 gross income under paragraphs (2) and
4 (3), but only if such transaction is clearly
5 identified as such before the close of the
6 day on which it was acquired, originated,
7 or entered into (or such other time as the
8 Secretary may prescribe).”.

9 (d) **AUTHORITY TO EXCLUDE ITEMS OF INCOME**
10 **FROM REIT INCOME TESTS.**—Section 856(c)(5) is
11 amended by adding at the end the following new subpara-
12 graph:

13 “(H) **SECRETARIAL AUTHORITY TO EX-**
14 **CLUDE OTHER ITEMS OF INCOME.**—The Sec-
15 retary is authorized to determine whether any
16 item of income or gain which does not otherwise
17 qualify under paragraph (2) or (3) may be con-
18 sidered as not constituting gross income solely
19 for purposes of this part.”.

20 **SEC. 722. REVISIONS TO REIT ASSET TESTS.**

21 (a) **CLARIFICATION OF VALUATION TEST.**—The first
22 sentence in the matter following section
23 856(c)(4)(B)(iii)(III) is amended by inserting “(including
24 a discrepancy caused solely by the change in the foreign

1 currency exchange rate used to value a foreign asset)”
2 after “such requirements”.

3 (b) CLARIFICATION OF PERMISSIBLE ASSET CAT-
4 EGORY.—Section 856(c)(5), as amended by section
5 721(d), is amended by adding at the end the following new
6 subparagraph:

7 “(I) CASH.—The term ‘cash’ includes for-
8 eign currency if the real estate investment trust
9 or its qualified business unit (as defined in sec-
10 tion 989) uses such foreign currency as its
11 functional currency (as defined in section
12 985(b)).”.

13 **SEC. 723. CONFORMING FOREIGN CURRENCY REVISIONS.**

14 (a) NET INCOME FROM FORECLOSURE PROPERTY.—
15 Clause (i) of section 857(b)(4)(B) is amended to read as
16 follows:

17 “(i) gain (including any foreign cur-
18 rency gain, as defined in section 988(b)(1))
19 from the sale or other disposition of fore-
20 closure property described in section
21 1221(a)(1) and the gross income for the
22 taxable year derived from foreclosure prop-
23 erty (as defined in section 856(e)), but
24 only to the extent such gross income is not
25 described in (or, in the case of foreign cur-

1 rency gain, not attributable to gross in-
2 come described in) section 856(c)(3) other
3 than subparagraph (F) thereof, over”.

4 (b) NET INCOME FROM PROHIBITED TRANS-
5 ACTIONS.—Clause (i) of section 857(b)(6)(B) is amended
6 to read as follows:

7 “(i) the term ‘net income derived from
8 prohibited transactions’ means the excess
9 of the gain (including any foreign currency
10 gain, as defined in section 988(b)(1)) from
11 prohibited transactions over the deductions
12 (including any foreign currency loss, as de-
13 fined in section 988(b)(2)) allowed by this
14 chapter which are directly connected with
15 prohibited transactions;”.

16 **PART 2—TAXABLE REIT SUBSIDIARIES**

17 **SEC. 725. CONFORMING TAXABLE REIT SUBSIDIARY ASSET**
18 **TEST.**

19 Section 856(c)(4)(B)(ii) is amended by striking “20
20 percent” and inserting “25 percent”.

21 **PART 3—DEALER SALES**

22 **SEC. 727. HOLDING PERIOD UNDER SAFE HARBOR.**

23 Section 857(b)(6) (relating to income from prohibited
24 transactions) is amended—

- 1 (1) by striking “4 years” in subparagraphs
2 (C)(i), (C)(iv), and (D)(i) and inserting “2 years”,
3 (2) by striking “4-year period” in subpara-
4 graphs (C)(ii), (D)(ii), and (D)(iii) and inserting “2-
5 year period”, and
6 (3) by striking “real estate asset” and all that
7 follows through “if” in the matter preceding clause
8 (i) of subparagraphs (C) and (D), respectively, and
9 inserting “real estate asset (as defined in section
10 856(c)(5)(B)) and which is described in section
11 1221(a)(1) if”.

12 **SEC. 728. DETERMINING VALUE OF SALES UNDER SAFE**
13 **HARBOR.**

14 Section 857(b)(6) is amended—

- 15 (1) by striking the semicolon at the end of sub-
16 paragraph (C)(iii) and inserting “, or (III) the fair
17 market value of property (other than sales of fore-
18 closure property or sales to which section 1033 ap-
19 plies) sold during the taxable year does not exceed
20 10 percent of the fair market value of all of the as-
21 sets of the trust as of the beginning of the taxable
22 year;”, and
23 (2) by adding “or” at the end of subclause (II)
24 of subparagraph (D)(iv) and by adding at the end
25 of such subparagraph the following new subclause:

1 “(III) the fair market value of prop-
2 erty (other than sales of foreclosure prop-
3 erty or sales to which section 1033 applies)
4 sold during the taxable year does not ex-
5 ceed 10 percent of the fair market value of
6 all of the assets of the trust as of the be-
7 ginning of the taxable year,”.

8 **PART 4—HEALTH CARE REITS**

9 **SEC. 730. CONFORMITY FOR HEALTH CARE FACILITIES.**

10 (a) RELATED PARTY RENTALS.—Subparagraph (B)
11 of section 856(d)(8) (relating to special rule for taxable
12 REIT subsidiaries) is amended to read as follows:

13 “(B) EXCEPTION FOR CERTAIN LODGING
14 FACILITIES AND HEALTH CARE PROPERTY.—
15 The requirements of this subparagraph are met
16 with respect to an interest in real property
17 which is a qualified lodging facility or a quali-
18 fied health care property (as defined in sub-
19 section (e)(6)(D)(i)) leased by the trust to a
20 taxable REIT subsidiary of the trust if the
21 property is operated on behalf of such sub-
22 sidiary by a person who is an eligible inde-
23 pendent contractor. For purposes of this sec-
24 tion, a taxable REIT subsidiary is not consid-
25 ered to be operating or managing a qualified

1 health care property or qualified lodging facility
2 solely because it directly or indirectly possesses
3 a license, permit or similar instrument enabling
4 it to do so.”.

5 (b) ELIGIBLE INDEPENDENT CONTRACTOR.—Sub-
6 paragraphs (A) and (B) of section 856(d)(9) (relating to
7 eligible independent contractor) are amended to read as
8 follows:

9 “(A) IN GENERAL.—The term ‘eligible
10 independent contractor’ means, with respect to
11 any qualified lodging facility or qualified health
12 care property (as defined in subsection
13 (e)(6)(D)(i)), any independent contractor if, at
14 the time such contractor enters into a manage-
15 ment agreement or other similar service con-
16 tract with the taxable REIT subsidiary to oper-
17 ate such qualified lodging facility or qualified
18 health care property, such contractor (or any
19 related person) is actively engaged in the trade
20 or business of operating qualified lodging facili-
21 ties or qualified health care properties, respec-
22 tively, for any person who is not a related per-
23 son with respect to the real estate investment
24 trust or the taxable REIT subsidiary.

1 “(B) SPECIAL RULES.—Solely for purposes
2 of this paragraph and paragraph (8)(B), a per-
3 son shall not fail to be treated as an inde-
4 pendent contractor with respect to any qualified
5 lodging facility or qualified health care property
6 (as so defined) by reason of the following:

7 “(i) The taxable REIT subsidiary
8 bears the expenses for the operation of
9 such qualified lodging facility or qualified
10 health care property pursuant to the man-
11 agement agreement or other similar service
12 contract.

13 “(ii) The taxable REIT subsidiary re-
14 ceives the revenues from the operation of
15 such qualified lodging facility or qualified
16 health care property, net of expenses for
17 such operation and fees payable to the op-
18 erator pursuant to such agreement or con-
19 tract.

20 “(iii) The real estate investment trust
21 receives income from such person with re-
22 spect to another property that is attrib-
23 utable to a lease of such other property to
24 such person that was in effect as of the
25 later of—

1 “(I) January 1, 1999, or
2 “(II) the earliest date that any
3 taxable REIT subsidiary of such trust
4 entered into a management agreement
5 or other similar service contract with
6 such person with respect to such
7 qualified lodging facility or qualified
8 health care property.”.

9 (c) TAXABLE REIT SUBSIDIARIES.—The last sen-
10 tence of section 856(l)(3) is amended—

11 (1) by inserting “or a health care facility” after
12 “a lodging facility”, and

13 (2) by inserting “or health care facility” after
14 “such lodging facility”.

15 **PART 5—EFFECTIVE DATES**

16 **SEC. 732. EFFECTIVE DATES.**

17 (a) IN GENERAL.—Except as otherwise provided in
18 this section, the amendments made by this subtitle shall
19 apply to taxable years beginning after the date of the en-
20 actment of this Act.

21 (b) REIT INCOME TESTS.—

22 (1) The amendment made by section 721(a)
23 and (b) shall apply to gains and items of income rec-
24 ognized after the date of the enactment of this Act.

1 (2) The amendment made by section 721(c)
2 shall apply to transactions entered into after the
3 date of the enactment of this Act.

4 (3) The amendment made by section 721(d)
5 shall apply after the date of the enactment of this
6 Act.

7 (c) CONFORMING FOREIGN CURRENCY REVISIONS.—

8 (1) The amendment made by section 723(a)
9 shall apply to gains recognized after the date of the
10 enactment of this Act.

11 (2) The amendment made by section 723(b)
12 shall apply to gains and deductions recognized after
13 the date of the enactment of this Act.

14 (d) DEALER SALES.—The amendments made by part
15 3 shall apply to sales made after the date of the enactment
16 of this Act.

17 **Subtitle C—Revenue Provisions**

18 **SEC. 741. BROKER REPORTING OF CUSTOMER'S BASIS IN**

19 **SECURITIES TRANSACTIONS.**

20 (a) IN GENERAL.—

21 (1) BROKER REPORTING FOR SECURITIES
22 TRANSACTIONS.—Section 6045 (relating to returns
23 of brokers) is amended by adding at the end the fol-
24 lowing new subsection:

1 “(g) ADDITIONAL INFORMATION REQUIRED IN THE
2 CASE OF SECURITIES TRANSACTIONS, ETC.—

3 “(1) IN GENERAL.—If a broker is otherwise re-
4 quired to make a return under subsection (a) with
5 respect to the gross proceeds of the sale of a covered
6 security, the broker shall include in such return the
7 information described in paragraph (2).

8 “(2) ADDITIONAL INFORMATION REQUIRED.—

9 “(A) IN GENERAL.—The information re-
10 quired under paragraph (1) to be shown on a
11 return with respect to a covered security of a
12 customer shall include the customer’s adjusted
13 basis in such security and whether any gain or
14 loss with respect to such security is long-term
15 or short-term (within the meaning of section
16 1222).

17 “(B) DETERMINATION OF ADJUSTED
18 BASIS.—For purposes of subparagraph (A)—

19 “(i) IN GENERAL.—The customer’s
20 adjusted basis shall be determined—

21 “(I) in the case of any security
22 (other than any stock for which an av-
23 erage basis method is permissible
24 under section 1012), in accordance
25 with the first-in first-out method un-

1 less the customer notifies the broker
2 by means of making an adequate
3 identification of the stock sold or
4 transferred, and

5 “(II) in the case of any stock for
6 which an average basis method is per-
7 missible under section 1012, in ac-
8 cordance with the broker’s default
9 method unless the customer notifies
10 the broker that he elects another ac-
11 ceptable method under section 1012
12 with respect to the account in which
13 such stock is held.

14 “(ii) EXCEPTION FOR WASH SALES.—
15 Except as otherwise provided by the Sec-
16 retary, the customer’s adjusted basis shall
17 be determined without regard to section
18 1091 (relating to loss from wash sales of
19 stock or securities) unless the transactions
20 occur in the same account with respect to
21 identical securities.

22 “(3) COVERED SECURITY.—For purposes of
23 this subsection—

1 “(A) IN GENERAL.—The term ‘covered se-
2 curity’ means any specified security acquired on
3 or after the applicable date if such security—

4 “(i) was acquired through a trans-
5 action in the account in which such secu-
6 rity is held, or

7 “(ii) was transferred to such account
8 from an account in which such security
9 was a covered security, but only if the
10 broker received a statement under section
11 6045A with respect to the transfer.

12 “(B) SPECIFIED SECURITY.—The term
13 ‘specified security’ means—

14 “(i) any share of stock in a corpora-
15 tion,

16 “(ii) any note, bond, debenture, or
17 other evidence of indebtedness,

18 “(iii) any commodity, or contract or
19 derivative with respect to such commodity,
20 if the Secretary determines that adjusted
21 basis reporting is appropriate for purposes
22 of this subsection, and

23 “(iv) any other financial instrument
24 with respect to which the Secretary deter-

1 mines that adjusted basis reporting is ap-
2 propriate for purposes of this subsection.

3 “(C) APPLICABLE DATE.—The term ‘appli-
4 cable date’ means—

5 “(i) January 1, 2010, in the case of
6 any specified security which is stock in a
7 corporation (other than any stock de-
8 scribed in clause (ii)),

9 “(ii) January 1, 2011, in the case of
10 any stock for which an average basis meth-
11 od is permissible under section 1012, and

12 “(iii) January 1, 2012, or such later
13 date determined by the Secretary in the
14 case of any other specified security.

15 “(4) TREATMENT OF S CORPORATIONS.—In the
16 case of the sale of a covered security acquired by an
17 S corporation (other than a financial institution)
18 after December 31, 2011, such S corporation shall
19 be treated in the same manner as a partnership for
20 purposes of this section.

21 “(5) SPECIAL RULES FOR SHORT SALES.—In
22 the case of a short sale, reporting under this section
23 shall be made for the year in which such sale is
24 closed.”.

1 (2) BROKER INFORMATION REQUIRED WITH RE-
2 SPECT TO OPTIONS.—Section 6045, as amended by
3 subsection (a), is amended by adding at the end the
4 following new subsection:

5 “(h) APPLICATION TO OPTIONS ON SECURITIES.—

6 “(1) EXERCISE OF OPTION.—For purposes of
7 this section, if a covered security is acquired or dis-
8 posed of pursuant to the exercise of an option that
9 was granted or acquired in the same account as the
10 covered security, the amount received with respect to
11 the grant or paid with respect to the acquisition of
12 such option shall be treated as an adjustment to
13 gross proceeds or as an adjustment to basis, as the
14 case may be.

15 “(2) LAPSE OR CLOSING TRANSACTION.—In the
16 case of the lapse (or closing transaction (as defined
17 in section 1234(b)(2)(A))) of an option on a speci-
18 fied security or the exercise of a cash-settled option
19 on a specified security, reporting under subsections
20 (a) and (g) with respect to such option shall be
21 made for the calendar year which includes the date
22 of such lapse, closing transaction, or exercise.

23 “(3) PROSPECTIVE APPLICATION.—Paragraphs
24 (1) and (2) shall not apply to any option which is
25 granted or acquired before January 1, 2012.

1 “(4) DEFINITIONS.—For purposes of this sub-
2 section, the terms ‘covered security’ and ‘specified
3 security’ shall have the meanings given such terms
4 in subsection (g)(3).”.

5 (3) EXTENSION OF PERIOD FOR STATEMENTS
6 SENT TO CUSTOMERS.—

7 (A) IN GENERAL.—Subsection (b) of sec-
8 tion 6045 is amended by striking “January 31”
9 and inserting “February 15”.

10 (B) STATEMENTS RELATED TO SUB-
11 STITUTE PAYMENTS.—Subsection (d) of section
12 6045 is amended—

13 (i) by striking “at such time and”,
14 and

15 (ii) by inserting after “other item.”
16 the following new sentence: “The written
17 statement required under the preceding
18 sentence shall be furnished on or before
19 February 15 of the year following the cal-
20 endar year in which the payment was
21 made.”.

22 (C) OTHER STATEMENTS.—Subsection (b)
23 of section 6045 is amended by adding at the
24 end the following: “In the case of a consolidated
25 reporting statement (as defined in regulations)

1 with respect to any account, any statement
2 which would otherwise be required to be fur-
3 nished on or before January 31 of a calendar
4 year with respect to any item reportable to the
5 taxpayer shall instead be required to be fur-
6 nished on or before February 15 of such cal-
7 endar year if furnished with such consolidated
8 reporting statement.”.

9 (b) DETERMINATION OF BASIS OF CERTAIN SECURI-
10 TIES ON ACCOUNT BY ACCOUNT OR AVERAGE BASIS
11 METHOD.—Section 1012 (relating to basis of property–
12 cost) is amended—

13 (1) by striking “The basis of property” and in-
14 serting the following:

15 “(a) IN GENERAL.—The basis of property”,

16 (2) by striking “The cost of real property” and
17 inserting the following:

18 “(b) SPECIAL RULE FOR APPORTIONED REAL ES-
19 TATE TAXES.—The cost of real property”, and

20 (3) by adding at the end the following new sub-
21 sections:

22 “(c) DETERMINATIONS BY ACCOUNT.—

23 “(1) IN GENERAL.—In the case of the sale, ex-
24 change, or other disposition of a specified security
25 on or after the applicable date, the conventions pre-

1 scribed by regulations under this section shall be ap-
2 plied on an account by account basis.

3 “(2) APPLICATION TO OPEN-END FUNDS.—

4 “(A) IN GENERAL.—Except as provided in
5 subparagraph (B), any stock in an open-end
6 fund acquired before January 1, 2011, shall be
7 treated as a separate account from any such
8 stock acquired on or after such date.

9 “(B) ELECTION BY OPEN-END FUND FOR
10 TREATMENT AS SINGLE ACCOUNT.—If an open-
11 end fund elects to have this subparagraph apply
12 with respect to one or more of its stock-
13 holders—

14 “(i) subparagraph (A) shall not apply
15 with respect to any stock in such fund held
16 by such stockholders, and

17 “(ii) all stock in such fund which is
18 held by such stockholders shall be treated
19 as covered securities described in section
20 6045(g)(3) without regard to the date of
21 the acquisition of such stock.

22 A rule similar to the rule of the preceding sen-
23 tence shall apply with respect to a broker hold-
24 ing stock in an open-end fund as a nominee.

1 “(3) DEFINITIONS.—For purposes of this sec-
2 tion—

3 “(A) OPEN-END FUND.—The term ‘open-
4 end fund’ means a regulated investment com-
5 pany (as defined in section 851) which is offer-
6 ing for sale or has outstanding any redeemable
7 security of which it is the issuer. Any stock
8 which is traded on an established securities ex-
9 change shall not be treated as stock in an open-
10 end fund.

11 “(B) SPECIFIED SECURITY; APPLICABLE
12 DATE.—The terms ‘specified security’ and ‘ap-
13 plicable date’ shall have the meaning given such
14 terms in section 6045(g).

15 “(d) AVERAGE BASIS FOR STOCK ACQUIRED PURSU-
16 ANT TO A DIVIDEND REINVESTMENT PLAN.—

17 “(1) IN GENERAL.—In the case of any stock ac-
18 quired after December 31, 2010, in connection with
19 a dividend reinvestment plan, the basis of such stock
20 while held as part of such plan shall be determined
21 using one of the methods which may be used for de-
22 termining the basis of stock in an open-end fund.

23 “(2) TREATMENT AFTER TRANSFER.—In the
24 case of the transfer to another account of stock to
25 which paragraph (1) applies, such stock shall have

1 a cost basis in such other account equal to its basis
2 in the dividend reinvestment plan immediately before
3 such transfer (properly adjusted for any fees or
4 other charges taken into account in connection with
5 such transfer).

6 “(3) SEPARATE ACCOUNTS; ELECTION FOR
7 TREATMENT AS SINGLE ACCOUNT.—Rules similar to
8 the rules of subsection (c)(2) shall apply for pur-
9 poses of this subsection.

10 “(4) DIVIDEND REINVESTMENT PLAN.—For
11 purposes of this subsection—

12 “(A) IN GENERAL.—The term ‘dividend re-
13 investment plan’ means any arrangement under
14 which dividends on any stock are reinvested in
15 stock identical to the stock with respect to
16 which the dividends are paid.

17 “(B) INITIAL STOCK ACQUISITION TREAT-
18 ED AS ACQUIRED IN CONNECTION WITH
19 PLAN.—Stock shall be treated as acquired in
20 connection with a dividend reinvestment plan if
21 such stock is acquired pursuant to such plan or
22 if the dividends paid on such stock are subject
23 to such plan.”.

24 (c) INFORMATION BY TRANSFERORS TO AID BRO-
25 KERS.—

1 (1) IN GENERAL.—Subpart B of part III of
2 subchapter A of chapter 61 is amended by inserting
3 after section 6045 the following new section:

4 **“SEC. 6045A. INFORMATION REQUIRED IN CONNECTION**
5 **WITH TRANSFERS OF COVERED SECURITIES**
6 **TO BROKERS.**

7 “(a) FURNISHING OF INFORMATION.—Every applica-
8 ble person which transfers to a broker (as defined in sec-
9 tion 6045(c)(1)) a security which is a covered security (as
10 defined in section 6045(g)(3)) in the hands of such appli-
11 cable person shall furnish to such broker a written state-
12 ment in such manner and setting forth such information
13 as the Secretary may by regulations prescribe for purposes
14 of enabling such broker to meet the requirements of sec-
15 tion 6045(g).

16 “(b) APPLICABLE PERSON.—For purposes of sub-
17 section (a), the term ‘applicable person’ means—

18 “(1) any broker (as defined in section
19 6045(c)(1)), and

20 “(2) any other person as provided by the Sec-
21 retary in regulations.

22 “(c) TIME FOR FURNISHING STATEMENT.—Except
23 as otherwise provided by the Secretary, any statement re-
24 quired by subsection (a) shall be furnished not later than

1 15 days after the date of the transfer described in such
2 subsection.”.

3 (2) ASSESSABLE PENALTIES.—Paragraph (2)
4 of section 6724(d) (defining payee statement) is
5 amended by redesignating subparagraphs (I)
6 through (CC) as subparagraphs (J) through (DD),
7 respectively, and by inserting after subparagraph
8 (H) the following new subparagraph:

9 “(I) section 6045A (relating to information
10 required in connection with transfers of covered
11 securities to brokers),”.

12 (3) CLERICAL AMENDMENT.—The table of sec-
13 tions for subpart B of part III of subchapter A of
14 chapter 61 is amended by inserting after the item
15 relating to section 6045 the following new item:

“Sec. 6045A. Information required in connection with transfers of covered se-
curities to brokers.”.

16 (d) ADDITIONAL ISSUER INFORMATION TO AID BRO-
17 KERS.—

18 (1) IN GENERAL.—Subpart B of part III of
19 subchapter A of chapter 61, as amended by sub-
20 section (b), is amended by inserting after section
21 6045A the following new section:

1 **“SEC. 6045B. RETURNS RELATING TO ACTIONS AFFECTING**
2 **BASIS OF SPECIFIED SECURITIES.**

3 “(a) IN GENERAL.—According to the forms or regu-
4 lations prescribed by the Secretary, any issuer of a speci-
5 fied security shall make a return setting forth—

6 “(1) a description of any organizational action
7 which affects the basis of such specified security of
8 such issuer,

9 “(2) the quantitative effect on the basis of such
10 specified security resulting from such action, and

11 “(3) such other information as the Secretary
12 may prescribe.

13 “(b) TIME FOR FILING RETURN.—Any return re-
14 quired by subsection (a) shall be filed not later than the
15 earlier of—

16 “(1) 45 days after the date of the action de-
17 scribed in subsection (a), or

18 “(2) January 15 of the year following the cal-
19 endar year during which such action occurred.

20 “(c) STATEMENTS TO BE FURNISHED TO HOLDERS
21 OF SPECIFIED SECURITIES OR THEIR NOMINEES.—Ac-
22 cording to the forms or regulations prescribed by the Sec-
23 retary, every person required to make a return under sub-
24 section (a) with respect to a specified security shall furnish
25 to the nominee with respect to the specified security (or

1 certificate holder if there is no nominee) a written state-
2 ment showing—

3 “(1) the name, address, and phone number of
4 the information contact of the person required to
5 make such return,

6 “(2) the information required to be shown on
7 such return with respect to such security, and

8 “(3) such other information as the Secretary
9 may prescribe.

10 The written statement required under the preceding sen-
11 tence shall be furnished to the holder on or before January
12 15 of the year following the calendar year during which
13 the action described in subsection (a) occurred.

14 “(d) SPECIFIED SECURITY.—For purposes of this
15 section, the term ‘specified security’ has the meaning given
16 such term by section 6045(g)(3)(B). No return shall be
17 required under this section with respect to actions de-
18 scribed in subsection (a) with respect to a specified secu-
19 rity which occur before the applicable date (as defined in
20 section 6045(g)(3)(C)) with respect to such security.

21 “(e) PUBLIC REPORTING IN LIEU OF RETURN.—The
22 Secretary may waive the requirements under subsections
23 (a) and (c) with respect to a specified security, if the per-
24 son required to make the return under subsection (a)
25 makes publicly available, in such form and manner as the

1 Secretary determines necessary to carry out the purposes
2 of this section—

3 “(1) the name, address, phone number, and
4 email address of the information contact of such
5 person, and

6 “(2) the information described in paragraphs
7 (1), (2), and (3) of subsection (a).”.

8 (2) ASSESSABLE PENALTIES.—

9 (A) Subparagraph (B) of section
10 6724(d)(1) of such Code (defining information
11 return) is amended by redesignating clause (iv)
12 and each of the clauses which follow as clauses
13 (v) through (xxii), respectively, and by inserting
14 after clause (iii) the following new clause:

15 “(iv) section 6045B(a) (relating to re-
16 turns relating to actions affecting basis of
17 specified securities),”.

18 (B) Paragraph (2) of section 6724(d) of
19 such Code (defining payee statement), as
20 amended by subsection (c)(2), is amended by
21 redesignating subparagraphs (J) through (DD)
22 as subparagraphs (K) through (EE), respec-
23 tively, and by inserting after subparagraph (I)
24 the following new subparagraph:

1 “(J) subsections (c) and (e) of section
2 6045B (relating to returns relating to actions
3 affecting basis of specified securities),”.

4 (3) CLERICAL AMENDMENT.—The table of sec-
5 tions for subpart B of part III of subchapter A of
6 chapter 61 of such Code, as amended by subsection
7 (b)(3), is amended by inserting after the item relat-
8 ing to section 6045A the following new item:

“Sec. 6045B. Returns relating to actions affecting basis of specified securi-
ties.”.

9 (e) EFFECTIVE DATE.—

10 (1) IN GENERAL.—Except as otherwise pro-
11 vided in this subsection, the amendments made by
12 this section shall take effect on January 1, 2010.

13 (2) EXTENSION OF PERIOD FOR STATEMENTS
14 SENT TO CUSTOMERS.—The amendments made by
15 subsection (a)(3) shall apply to statements required
16 to be furnished after December 31, 2008.

17 **SEC. 742. DELAY IN APPLICATION OF WORLDWIDE ALLOCA-**
18 **TION OF INTEREST.**

19 (a) IN GENERAL.—Paragraphs (5)(D) and (6) of sec-
20 tion 864(f) are each amended by striking “December 31,
21 2008” and inserting “December 31, 2009”.

22 (b) TRANSITIONAL RULE.—Subsection (f) of section
23 864 is amended by adding at the end the following new
24 paragraph:

1 “(7) TRANSITION.—In the case of the first tax-
2 able year to which this subsection applies, the in-
3 crease (if any) in the amount of the interest expense
4 allocable to sources within the United States by rea-
5 son of the application of this subsection shall be 78
6 percent of the amount of such increase determined
7 without regard to this paragraph.”.

8 (c) EFFECTIVE DATE.—The amendments made by
9 this section shall apply to taxable years beginning after
10 December 31, 2008.

11 **SEC. 743. TIME FOR PAYMENT OF CORPORATE ESTIMATED**
12 **TAXES.**

13 (a) REPEAL OF ADJUSTMENT FOR 2012.—Subpara-
14 graph (B) of section 401(1) of the Tax Increase Preven-
15 tion and Reconciliation Act of 2005 is amended by striking
16 the percentage contained therein and inserting “100 per-
17 cent”.

18 (b) MODIFICATION OF ADJUSTMENT FOR 2013.—
19 The percentage under subparagraph (C) of section 401(1)
20 of the Tax Increase Prevention and Reconciliation Act of
21 2005 in effect on the date of the enactment of this Act
22 is increased by 13 percentage points.

1 **Subtitle D—Coordination of Fed-**
2 **eral Housing Programs and Tax**
3 **Incentives for Housing**

4 **SEC. 751. SHORT TITLE.**

5 This subtitle may be cited as the “Housing Tax Cred-
6 it Coordination Act of 2008”.

7 **SEC. 752. APPROVALS BY DEPARTMENT OF HOUSING AND**
8 **URBAN DEVELOPMENT.**

9 (a) ADMINISTRATIVE AND PROCEDURAL CHANGES.—

10 (1) IN GENERAL.—The Secretary of Housing
11 and Urban Development (in this section referred to
12 as the “Secretary”) shall, not later than the expira-
13 tion of the 6-month period beginning upon after the
14 date of the enactment of this Act, implement admin-
15 istrative and procedural changes to expedite ap-
16 proval of multifamily housing projects under the ju-
17 risdiction of the Department of Housing and Urban
18 Development that meet the requirements of the Sec-
19 retary for such approvals.

20 (2) PROJECTS.—The multifamily housing
21 projects referred to in paragraph (1) shall include—

22 (A) projects for which assistance is pro-
23 vided by such Department in conjunction with
24 any low-income housing tax credits under sec-

1 tion 42 of the Internal Revenue Code of 1986
2 or tax-exempt housing bonds; and

3 (B) existing public housing projects and
4 assisted housing projects, for which approval of
5 the Secretary is necessary for transactions, in
6 conjunction with any such low-income housing
7 tax credits or tax-exempt housing bonds, involv-
8 ing the preservation or rehabilitation of the
9 project.

10 (3) CHANGES.—The administrative and proce-
11 dural changes referred to in paragraph (1) shall in-
12 clude all actions necessary to carry out paragraph
13 (1), which may include—

14 (A) improving the efficiency of approval
15 procedures;

16 (B) simplifying approval requirements,

17 (C) establishing time deadlines or target
18 deadlines for required approvals;

19 (D) modifying division of approval author-
20 ity between field and national offices;

21 (E) improving outreach to project sponsors
22 regarding information that is required to be
23 submitted for such approvals;

24 (F) requesting additional funding for in-
25 creasing staff, if necessary; and

1 (G) any other actions which would expedite
2 approvals.

3 Any such changes shall be made in a manner that
4 provides for full compliance with any existing re-
5 quirements under law or regulation that are de-
6 signed to protect families receiving public and as-
7 sisted housing assistance, including income tar-
8 geting, rent, and fair housing provisions, and shall
9 also comply with requirements regarding environ-
10 mental review and protection and wages paid to la-
11 borers.

12 (b) CONSULTATION.—The Secretary shall consult
13 with the Commissioner of the Internal Revenue Service
14 and take such actions as are appropriate in conjunction
15 with such consultation to simplify the coordination of
16 rules, regulations, forms, and approval requirements for
17 multifamily housing projects projects for which assistance
18 is provided by such Department in conjunction with any
19 low-income housing tax credits under section 42 of the In-
20 ternal Revenue Code of 1986 or tax-exempt housing
21 bonds.

22 (c) RECOMMENDATIONS.—In implementing the
23 changes required under this section, the Secretary shall
24 solicit recommendations regarding such changes from
25 project owners and sponsors, investors and stakeholders

1 in housing tax credits, State and local housing finance
2 agencies, public housing agencies, tenant advocates, and
3 other stakeholders in such projects.

4 (d) REPORT.—Not later than the expiration of the
5 9-month period beginning on the date of the enactment
6 of this Act, the Secretary shall submit a report to the
7 Committee on Financial Services of the House of Rep-
8 resentatives and the Committee on Banking, Housing, and
9 Urban Affairs of the Senate that—

10 (1) identifies the actions taken by the Secretary
11 to comply with this section;

12 (2) includes information regarding any resulting
13 improvements in the expedited approval for multi-
14 family housing projects;

15 (3) identifies recommendations made pursuant
16 to subsection (c);

17 (4) identifies actions taken by the Secretary to
18 implement the provisions in the amendments made
19 by sections 4 and 5 of this Act; and

20 (5) makes recommendations for any legislative
21 changes that are needed to facilitate prompt ap-
22 proval of assistance for such projects.

1 **SEC. 753. PROJECT APPROVALS BY RURAL HOUSING SERV-**
2 **ICE.**

3 Section 515(h) of the Housing Act of 1949 (42
4 U.S.C. 1485) is amended—

5 (1) by inserting “(1) CONDITION.—” after
6 “(h)”; and

7 (2) by adding at the end the following new
8 paragraphs:

9 “(2) ACTIONS TO EXPEDITE PROJECT APPROV-
10 ALS.—

11 “(A) IN GENERAL.—The Secretary shall take
12 actions to facilitate timely approval of requests to
13 transfer ownership or control, for the purpose of re-
14 habilitation or preservation, of multifamily housing
15 projects for which assistance is provided by the Sec-
16 retary of Agriculture in conjunction with any low-in-
17 come housing tax credits under section 42 of the In-
18 ternal Revenue Code of 1986 or tax-exempt housing
19 bonds.

20 “(B) CONSULTATION.—The Secretary of Agri-
21 culture shall consult with the Commissioner of the
22 Internal Revenue Service and take such actions as
23 are appropriate in conjunction with such consulta-
24 tion to simplify the coordination of rules, regula-
25 tions, forms (including applications forms for project
26 transfers), and approval requirements multifamily

1 housing projects for which assistance is provided by
2 the Secretary of Agriculture in conjunction with any
3 low-income housing tax credits under section 42 of
4 the Internal Revenue Code of 1986 or tax-exempt
5 housing bonds.

6 “(C) EXISTING REQUIREMENTS.—Any actions
7 taken pursuant to this paragraph shall be taken in
8 a manner that provides for full compliance with any
9 existing requirements under law or regulation that
10 are designed to protect families receiving Federal
11 housing assistance, including income targeting, rent,
12 and fair housing provisions, and shall also comply
13 with requirements regarding environmental review
14 and protection and wages paid to laborers.

15 “(D) RECOMMENDATIONS.—In implementing
16 the changes required under this paragraph, the Sec-
17 retary shall solicit recommendations regarding such
18 changes from project owners and sponsors, investors
19 and stakeholders in housing tax credits, State and
20 local housing finance agencies, tenant advocates, and
21 other stakeholders in such projects.”.

22 **SEC. 754. USE OF FHA LOANS WITH HOUSING TAX CREDITS.**

23 (a) SUBSIDY LAYERING REQUIREMENTS.—Sub-
24 section (d) of section 102 of the Department of Housing

1 and Urban Development Reform Act of 1989 (42 U.S.C.
2 3545(d)) is amended—

3 (1) in the first sentence, by inserting after “as-
4 sistance within the jurisdiction of the Department”
5 the following: “, as such term is defined in sub-
6 section (m), except that for purposes of this sub-
7 section such term shall not include any mortgage in-
8 surance provided pursuant to title II of the National
9 Housing Act (12 U.S.C. 1707 et seq.)”; and

10 (2) in the second sentence, by inserting “such”
11 before “assistance”.

12 (b) COST CERTIFICATION.—Section 227 of National
13 Housing Act (12 U.S.C. 1715r) is amended—

14 (1) in the matter preceding paragraph (a) (re-
15 lating to a definition of “new or rehabilitated multi-
16 family housing”)—

17 (A) in the first sentence—

18 (i) by striking “Notwithstanding” and
19 inserting “Except as provided in subsection
20 (b) and notwithstanding”; and

21 (ii) by redesignating clauses (a) and
22 (b) as clauses (A) and (B), respectively;
23 and

24 (B) by striking “As used in this section—
25 ”;

1 (2) in paragraph (c) (relating to a definition of
2 “actual cost”)—

3 (A) in clause (i), by redesignating clauses
4 (1) and (2) as clauses (I) and (II), respectively;
5 and

6 (B) in clause (ii), by redesignating clauses
7 (1) and (2) as clauses (I) and (II), respectively;
8 (3) by redesignating paragraphs (a), (b), and
9 (c) as paragraphs (1), (2), and (3), respectively;
10 (4) by inserting before paragraph (1) (as so re-
11 designated by paragraph (3) of this subsection) the
12 following:

13 “(b) EXEMPTION FOR CERTAIN PROJECTS ASSISTED
14 WITH LOW-INCOME HOUSING TAX CREDIT.—In the case
15 of any mortgage insured under any provision of this title
16 that is executed in connection with the construction, reha-
17 bilitation, purchase, or refinancing of a multifamily hous-
18 ing project for which equity provided through any low-in-
19 come housing tax credit pursuant to Section 42 of the In-
20 ternal Revenue Code of 1986 (26 U.S.C. 42), if the Sec-
21 retary determines at the time of issuance of the firm com-
22 mitment for insurance that the ratio of the loan proceeds
23 to the actual cost of the project is less than 80 percent,
24 subsection (a) of this section shall not apply.

1 “(c) DEFINITIONS.—For purposes of this section, the
2 following definitions shall apply:”; and

3 (5) by inserting “(a) REQUIREMENT.—” after
4 “227.”.

5 (c) OTHER PROVISIONS REGARDING TREATMENT OF
6 MORTGAGES COVERING TAX CREDIT PROJECTS.—Title II
7 of the National Housing Act is amended by inserting after
8 section 227 (12 U.S.C. 1715r) the following new section:
9 **“SEC. 228. TREATMENT OF MORTGAGES COVERING TAX**
10 **CREDIT PROJECTS.**

11 “(a) DEFINITION.—For purposes of this section, the
12 term ‘insured mortgage covering a tax credit project’
13 means a mortgage insured under any provision of this title
14 that is executed in connection with the construction, reha-
15 bilitation, purchase, or refinancing of a multifamily hous-
16 ing project for which equity provided through any low-in-
17 come housing tax credit pursuant to section 42 of the In-
18 ternal Revenue Code of 1986 (26 U.S.C. 42).

19 “(b) ACCEPTANCE OF LETTERS OF CREDIT.—In the
20 case of an insured mortgage covering a tax credit project,
21 the Secretary may not require the escrowing of equity pro-
22 vided by the sale of any low-income housing tax credits
23 for the project pursuant to Section 42 of the Internal Rev-
24 enue Code of 1986, or any other form of security, such
25 as a letter of credit.

1 “(c) ASSET MANAGEMENT REQUIREMENTS.—In the
2 case of an insured mortgage covering a tax credit project
3 for which project the applicable tax credit allocating agen-
4 cy is causing to be performed periodic inspections in com-
5 pliance with the requirements of section 42 of the Internal
6 Revenue Code of 1986, such project shall be exempt from
7 requirements imposed by the Secretary regarding periodic
8 inspections of the property by the mortgagee. To the ex-
9 tent that other compliance monitoring is being performed
10 with respect to such a project by such an allocating agency
11 pursuant to such section 42, the Secretary shall, to the
12 extent that the Secretary determines such monitoring is
13 sufficient to ensure compliance with any requirements es-
14 tablished by the Secretary, accept such agency’s evidence
15 of compliance for purposes of determining compliance with
16 the Secretary’s requirements.

17 “(d) STREAMLINED PROCESSING PILOT PROGRAM.—

18 “(1) IN GENERAL.—The Secretary shall estab-
19 lish a pilot program to demonstrate the effectiveness
20 of streamlining the review process, which shall in-
21 clude all applications for mortgage insurance under
22 any provision of this title for mortgages executed in
23 connection with the construction, rehabilitation, pur-
24 chase, or refinancing of a multifamily housing
25 project for which equity provided through any low-

1 income housing tax credit pursuant to section 42 of
2 the Internal Revenue Code of 1986. The Secretary
3 shall issue instructions for implementing the pilot
4 program under this subsection not later than the ex-
5 piration of the 180-day period beginning upon the
6 date of the enactment of the Housing Tax Credit
7 Coordination Act of 2008.

8 “(2) REQUIREMENTS.—Such pilot program
9 shall provide for—

10 “(A) the Secretary to appoint designated
11 underwriters, who shall be responsible for re-
12 viewing such mortgage insurance applications
13 and making determinations regarding the eligi-
14 bility of such applications for such mortgage in-
15 surance in lieu of the processing functions re-
16 garding such applications that are otherwise
17 performed by other employees of the Depart-
18 ment of Housing and Urban Development;

19 “(B) submission of applications for such
20 mortgage insurance by mortgagees who have
21 previously been expressly approved by the Sec-
22 retary; and

23 “(C) determinations regarding the eligi-
24 bility of such applications for such mortgage in-
25 surance to be made by the chief underwriter

1 pursuant to requirements prescribed by the Sec-
2 retary, which shall include requiring submission
3 of reports regarding applications of proposed
4 mortgagees by third-party entities expressly ap-
5 proved by the chief underwriter.”.

6 **SEC. 755. OTHER HUD PROGRAMS.**

7 (a) SECTION 8 ASSISTANCE.—

8 (1) PHA PROJECT-BASED ASSISTANCE.—Sec-
9 tion 8(o)(13) of the United States Housing Act of
10 1937 (42 U.S.C. 1437f(o)(13)) is amended—

11 (A) in subparagraph (D)(i)—

12 (i) by striking “building” and insert-
13 ing “project”; and

14 (ii) by adding at the end the fol-
15 lowing: “For purposes of this subpara-
16 graph, the term ‘project’ means a single
17 building, multiple contiguous buildings, or
18 multiple buildings on contiguous parcels of
19 land.”;

20 (B) in the first sentence of subparagraph
21 (F), by striking “10 years” and inserting “15
22 years”;

23 (C) In subparagraph (G)—

24 (i) by inserting after the period at the
25 end of the first sentence the following:

1 “Such contract may, at the election of the
2 public housing agency and the owner of the
3 structure, specify that such contract shall
4 be extended for renewal terms of up to 15
5 years each, if the agency makes the deter-
6 mination required by this subparagraph
7 and the owner is in compliance with the
8 terms of the contract.”; and

9 (ii) by adding at the end the fol-
10 lowing: “A public housing agency may
11 agree to enter into such a contract at the
12 time it enters into the initial agreement for
13 a housing assistance payment contract or
14 at any time thereafter that is before the
15 expiration of the housing assistance pay-
16 ment contract.”;

17 (D) in subparagraph (H), by inserting be-
18 fore the period at the end of the first sentence
19 the following: “, except that in the case of a
20 contract unit that has been allocated low-in-
21 come housing tax credits and for which the rent
22 limitation pursuant to such section 42 is less
23 than the amount that would otherwise be per-
24 mitted under this subparagraph, the rent for
25 such unit may, in the sole discretion of a public

1 housing agency, be established at the higher
2 section 8 rent, subject only to paragraph
3 (10)(A)’’;

4 (E) in subparagraph (I)(i), by inserting be-
5 fore the semicolon the following: ‘‘, except that
6 the contract may provide that the maximum
7 rent permitted for a dwelling unit shall not be
8 less than the initial rent for the dwelling unit
9 under the initial housing assistance payments
10 contract covering the unit’’; and

11 (F) by adding at the end the following new
12 subparagraphs:

13 ‘‘(L) USE IN COOPERATIVE HOUSING AND
14 ELEVATOR BUILDINGS.—A public housing agen-
15 cy may enter into a housing assistance pay-
16 ments contract under this paragraph with re-
17 spect to—

18 ‘‘(i) dwelling units in cooperative
19 housing; and

20 ‘‘(ii) notwithstanding subsection (c),
21 dwelling units in a high-rise elevator
22 project, including such a project that is oc-
23 cupied by families with children, without
24 review and approval of the contract by the
25 Secretary.

1 “(M) REVIEWS.—

2 “(i) SUBSIDY LAYERING.—A subsidy
3 layering review in accordance with section
4 102(d) of the Department of Housing and
5 Urban Development Reform Act of 1989
6 (42 U.S.C. 3545(d)) shall not be required
7 for assistance under this paragraph in the
8 case of a housing assistance payments con-
9 tract for an existing structure, or if a sub-
10 sidy layering review has been conducted by
11 the applicable State or local agency.

12 “(ii) ENVIRONMENTAL REVIEW.—A
13 public housing agency shall not be required
14 to undertake any environmental review be-
15 fore entering into a housing assistance
16 payments contract under this paragraph
17 for an existing structure, except to the ex-
18 tent such a review is otherwise required by
19 law or regulation.”.

20 (2) VOUCHER PROGRAM RENT REASONABLE-
21 NESS.—Section 8(o)(10) of the United States Hous-
22 ing Act of 1937 (42 U.S.C. 1437f(o)(10)) is amend-
23 ed by adding at the end the following new subpara-
24 graph;

1 “(F) TAX CREDIT PROJECTS.—In the case
2 of a dwelling unit receiving tax credits pursuant
3 to section 42 of the Internal Revenue Code of
4 1986 or for which assistance is provided under
5 subtitle A of title II of the Cranston Gonzalez
6 National Affordable Housing Act of 1990, for
7 which a housing assistance contract not subject
8 to paragraph (13) of this subsection is estab-
9 lished, rent reasonableness shall be determined
10 as otherwise provided by this paragraph, except
11 that—

12 “(i) comparison with rent for units in
13 the private, unassisted local market shall
14 not be required if the rent is equal to or
15 less than the rent for other comparable
16 units receiving such tax credits or assist-
17 ance in the project that are not occupied
18 by families assisted with tenant-based as-
19 sistance under this subsection; and

20 “(ii) the rent shall not be considered
21 reasonable for purposes of this paragraph
22 if it exceeds the greater of—

23 “(I) the rents charged for other
24 comparable units receiving such tax
25 credits or assistance in the project

1 that are not occupied by families as-
2 sisted with tenant-based assistance
3 under this subsection; and

4 “(II) the payment standard es-
5 tablished by the public housing agency
6 for a unit of the size involved.”.

7 (b) SECTION 202 HOUSING FOR ELDERLY PER-
8 SONS.—Subsection (f) of section 202 of the Housing Act
9 of 1959 (12 U.S.C. 1701q(f)) is amended—

10 (1) by striking “SELECTION CRITERIA.—” and
11 inserting “INITIAL SELECTION CRITERIA AND PROC-
12 ESSING.—(1) SELECTION CRITERIA.—”;

13 (2) by redesignating paragraphs (1) through
14 (7) as subparagraphs (A) through (G), respectively;
15 and

16 (3) by adding at the end the following new
17 paragraph:

18 “(2) DELEGATED PROCESSING.—

19 “(A) In issuing a capital advance under this
20 subsection for any project for which financing for
21 the purposes described in the last two sentences of
22 subsection (b) is provided by a combination of a cap-
23 ital advance under subsection (c)(1) and sources
24 other than this section, within 30 days of award of
25 the capital advance, the Secretary shall delegate re-

1 view and processing of such projects to a State or
2 local housing agency that—

3 “(i) is in geographic proximity to the prop-
4 erty;

5 “(ii) has demonstrated experience in and
6 capacity for underwriting multifamily housing
7 loans that provide housing and supportive serv-
8 ices;

9 “(iii) may or may not be providing low-in-
10 come housing tax credits in combination with
11 the capital advance under this section, and

12 “(iv) agrees to issue a firm commitment
13 within 12 months of delegation.

14 “(B) The Secretary shall retain the authority to
15 process capital advances in cases in which no State
16 or local housing agency has applied to provide dele-
17 gated processing pursuant to this paragraph or no
18 such agency has entered into an agreement with the
19 Secretary to serve as a delegated processing agency.

20 “(C) An agency to which review and processing
21 is delegated pursuant to subparagraph (A) may as-
22 sess a reasonable fee which shall be included in the
23 capital advance amounts and may recommend
24 project rental assistance amounts in excess of those
25 initially awarded by the Secretary. The Secretary

1 shall develop a schedule for reasonable fees under
2 this subparagraph to be paid to delegated processing
3 agencies, which shall take into consideration any
4 other fees to be paid to the agency for other funding
5 provided to the project by the agency, including
6 bonds, tax credits, and other gap funding.

7 “(D) Under such delegated system, the Sec-
8 retary shall retain the authority to approve rents
9 and development costs and to execute a capital ad-
10 vance within 60 days of receipt of the commitment
11 from the State or local agency. The Secretary shall
12 provide to such agency and the project sponsor, in
13 writing, the reasons for any reduction in capital ad-
14 vance amounts or project rental assistance and such
15 reductions shall be subject to appeal.”.

16 (c) MCKINNEY-VENTO ACT HOMELESS ASSISTANCE
17 UNDER SHELTER PLUS CARE PROGRAM.—

18 (1) TERM OF CONTRACTS WITH OWNER OR LES-
19 SOR.—Part I of subtitle F of the McKinney-Vento
20 Homeless Assistance Act is amended—

21 (A) by redesignating sections 462 and 463
22 (42 U.S.C. 11403g, 11403h) as sections 463
23 and 464, respectively;

24 (B) by striking “section 463” each place
25 such term appears in sections 471, 476, 481,

1 486, and 488 (42 U.S.C. 11404, 11405, 11406,
2 11407, and 11407b) and inserting “section
3 464”; and

4 (C) by inserting after section 461 (42
5 U.S.C. 11403f) the following new section:

6 **“SEC. 462. TERM OF CONTRACT WITH OWNER OR LESSOR.**

7 “An applicant under this subtitle may enter into a
8 contract with the owner or lessor of a property that re-
9 ceives rental assistance under this subtitle having a term
10 of not more than 15 years, subject to the availability of
11 sufficient funds provided in appropriation Acts for the
12 purpose of renewing expiring contracts for assistance pay-
13 ments. Such contract may, at the election of the applicant
14 and owner or lessor, specify that such contract shall be
15 extended for renewal terms of not more than 15 years
16 each, subject to the availability of sufficient such appro-
17 priated funds.”.

18 (2) PROJECT-BASED RENTAL ASSISTANCE CON-
19 TRACTS.—Section 478(a) of the McKinney-Vento
20 Homeless Assistance Act (42 U.S.C. 11405a(a)) is
21 amended by inserting before the period at the end
22 the following: “; except that, in the case of any
23 project for which equity is provided through any low-
24 income housing tax credit pursuant to section 42 of
25 the Internal Revenue Code of 1986 (26 U.S.C. 42),

1 if an expenditure of such amount for each unit (in-
2 cluding the prorated share of such work) is required
3 to make the structure decent, safe, and sanitary,
4 and the owner agrees to reach initial closing on per-
5 manent financing from such other sources within
6 two years and agrees to carry out the rehabilitation
7 with resources other than assistance under this sub-
8 title within 60 months of notification of grant ap-
9 proval, the contract shall be for a term of 10 years
10 (except that such period may be extended by up to
11 1 year by the Secretary, which extension shall be
12 granted unless the Secretary determines that the
13 sponsor is primarily responsible for the failure to
14 meet such deadline)’’.

15 (d) DATA COLLECTION ON TENANTS OF HOUSING
16 TAX CREDIT PROJECTS.—Title I of the United States
17 Housing Act of 1937 (42 U.S.C. 1437 et seq.) is amended
18 by adding at the end the following new section:

19 **“SEC. 36. COLLECTION OF INFORMATION ON TENANTS IN**
20 **TAX CREDIT PROJECTS.**

21 “(a) IN GENERAL.—Each State agency admin-
22 istering tax credits under section 42 of the Internal Rev-
23 enue Code of 1986 (26 U.S.C. 42) shall furnish to the
24 Secretary of Housing and Urban Development, not less
25 than annually, information concerning the race, ethnicity,

1 family composition, age, income, use of rental assistance
2 under section 8(o) of the United States Housing Act of
3 1937 or other similar assistance, disability status, and
4 monthly rental payments of households residing in each
5 property receiving such credits through such agency. Such
6 State agencies shall, to the extent feasible, collect such in-
7 formation through existing reporting processes and in a
8 manner that minimizes burdens on property owners. In
9 the case of any household that continues to reside in the
10 same dwelling unit, information provided by the household
11 in a previous year may be used if the information is of
12 a category that is not subject to change or if information
13 for the current year is not readily available to the owner
14 of the property.

15 “(b) STANDARDS.—The Secretary shall establish
16 standards and definitions for the information collected
17 under subsection (a), provide States with technical assist-
18 ance in establishing systems to compile and submit such
19 information, and, in coordination with other Federal agen-
20 cies administering housing programs, establish procedures
21 to minimize duplicative reporting requirements for prop-
22 erties assisted under multiple housing programs.

23 “(c) PUBLIC AVAILABILITY.—The Secretary shall,
24 not less than annually, compile and make publicly avail-

1 able the information submitted to the Secretary pursuant
2 to subsection (a).

3 “(d) AUTHORIZATION OF APPROPRIATIONS.—There
4 is authorized to be appropriated for the cost of activities
5 required under subsections (b) and (c) \$2,500,000 for fis-
6 cal year 2009 and \$900,000 for each of fiscal years 2010
7 through 2013.”.

8 **Subtitle E—Limitation on Sale,**
9 **Foreclosure, or Seizure of Prop-**
10 **erty Owned by Servicemembers**

11 **SEC. 761. LIMITATION ON SALE, FORECLOSURE, OR SEI-**
12 **ZURE OF PROPERTY OWNED BY**
13 **SERVICEMEMBERS DURING ONE-YEAR PE-**
14 **RIOD FOLLOWING PERIOD OF MILITARY**
15 **SERVICE.**

16 (a) LIMITATION.—Section 303(c) of the
17 Servicemembers Civil Relief Act is amended by striking
18 “90 days” and inserting “one year”.

19 (b) EFFECTIVE DATE.—The amendment made by
20 subsection (a) shall apply with respect to any sale, fore-
21 closure, or seizure of property on or after the date of the
22 enactment of this Act.

1 **SEC. 762. PROVISION OF FINANCIAL DISCLOSURE TO**
2 **SERVICEMEMBERS WHO DEFAULT ON CER-**
3 **TAIN OBLIGATIONS.**

4 (a) PROVISION OF DISCLOSURE REQUIRED.—Section
5 303 of the Servicemembers Civil Relief Act (50 U.S.C.
6 App. 533) is amended by adding at the end the following
7 new subsection:

8 “(e) PROVISION OF FINANCIAL DISCLOSURE.—In the
9 case of a servicemember who defaults on an obligation de-
10 scribed in subsection (a) for two consecutive months, the
11 mortgagor or loan servicer of the obligation shall provide
12 to the servicemember a written financial disclosure de-
13 scribing the servicemember’s liability with respect to the
14 obligation for the period during which a sale, foreclosure,
15 or seizure of the property is not valid under subsection
16 (c).”.

17 (b) EFFECTIVE DATE.—Subsection (e) of section 303
18 of the Servicemembers Civil Relief Act (50 U.S.C. App.
19 533), as added by subsection (a), shall apply with respect
20 to a servicemember who defaults on an obligation on or
21 after the date of the enactment of this Act.

